

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

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, 2025. Please refer to the individual divider tab for our report on each Agency.

Anaheim

Brea

Costa Mesa

Garden Grove

Irvine

Lake Forest

Placentia

Santa Ana

Tustin

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

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 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, 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. 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 number, department code, unit code, and object code. The City recorded its MOE expenditures in its General Fund (101) and identified MOE expenditures within the fund by a three-digit department code, four-digit unit code, and four-digit object 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, 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 \$16,726,879 (see Schedule A), which exceeded the MOE benchmark requirement of \$13,196,392. We agreed the total expenditures of \$16,726,879 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 30 direct MOE expenditures totaling \$5,353,325, which represented approximately 32% of direct MOE expenditures of \$16,726,879 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. Upon inspection, \$2,463,356 of annual liability coverage service charges were identified as indirect cost allocations that were reported as direct costs and should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. 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: 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 reported as MOE expenditures for the fiscal year ended June 30, 2025. However, during inspection of direct costs at Procedure #3, we identified \$2,463,356 in indirect costs that were reported as direct costs. These expenditures were for annual liability coverage service charges. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. 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, 2025, 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 \$18,613,880 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$2,805,218 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, 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.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (271) followed by a three-digit department number, a four-digit unit code and a four-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,134,242, 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 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 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,977,297 representing approximately 58% of total direct Measure M2 Local Fair Share expenditures of \$5,134,242 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 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, 2025. 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 \$385,195 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 (FY25) 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.

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 31, 2026

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

		SCHEDULE A
Construction & Right-of-Way		
Signals, Safety Devices, & Street Lights	\$	2,533,029
Total Construction	\$	2,533,029
Maintenance		
Street Lights & Traffic Signals	\$	5,041,786
Other Street Purpose Maintenance		9,152,064
Total Maintenance	\$	14,193,850
Total MOE Expenditures	\$	16,726,879
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Capital project administration	\$	152,612
General agency coordination		2,024
Brookhurst w idening-cerritos to guinida		48,342
Euclid street pavement rehab (glenoaks to 91 freeway)		615
La palma rehab: lakeview to imperial		14,291
Euclid rehab: broadway to lincoln		4,741
Broadway rehab: anaheim to east		178,278
Santa ana canyon road rehab-ud 65 ph 2: lakeview to royal oak		128
Knott ave. Rehab: ball to orange		134,141
Broadway : gilbert to magnolia		73,875
Harbor blvd rehab: lincoln ave to north st		124,178
Dale ave-ball rd to bella ct		196,191
South st- state college blvd to sunkist st		4,790
La palma ave rehab: olive to east st		444,961
Nohl ranch rd from ranch gate rd to old bucket ln		27,481
La palma rehab: brookhurst to euclid		26,624
Ball rd rehab: claudina to state college		11,254
Nohl ranch , imperial and anaheim hills rehab project		94,206
Orangethorpe rehas: state college to placencia		579,199
Cerritos ave from nutwood street to euclid st		2,275
Dupont dr rehab- south of orangewood ave		4,165
Rio vista st from wagner ave to lincoln ave		26,371
Serrano ave rehab: south city limit to weir canyon rd		1,367,336
Knott rehab: orange ave to del monte dr		288,780
Knott ave driveway approach improvements		14,622
Ball road rehabilitation - magnolia to gilbert		87,957
Magnolia ave rehab from lincoln ave to la palma ave		150,600
Orange ave rehab from magnolia ave to euclid st		165,194
Broadway rehab from eucud st to harbor blvd		216,957
Manchester ave rehab from city limit (south)to anaheim blvd		217,061
La palma ave rehab from white star ave to miller st		156,961
Santa ana canyon rd rehab from imperial hwy to fairmont blvd		112,410
Roadway rehab projects with placencia		740
Dale street rehab from crescent ave to sr91		4,170
Chapman ave rehab from harbor blvd to summerset pl		84,586
Blue gum and la palma rehab		81,422
Western ave from city limit (north) to city limit (south)		3,954
Anaheim shores dr from la palma ave to euclid st		827
Harbor blvd from south st to lincoln ave		890
Harbor blvd from chapman ave to convention way		10,419
Placencia ave from state college blvd to 91 freeway		649
Miraloma ave(miller to van buren)		1,282
La palma from east st to state college blvd		434
Katella rehab from state college blvd to sr-57		636
Monte vist rd & roosevelt rd rehab (weir canyon to santa ana)		15,613
Total Measure M2 Local Fair Share Expenditures	\$	5,134,242
Total MOE and Measure M2 Local Fair Share Expenditures	\$	21,861,121

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 31, 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 Anaheim as of and for the fiscal year ended June 30, 2025.

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 30 direct MOE expenditures totaling \$5,353,325, which represented approximately 32% of direct MOE expenditures of \$16,726,879 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. Upon inspection, \$2,463,356 of annual liability coverage service charges were identified as indirect cost allocations that were reported as direct costs and should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response: The Public Works Department reported the self-insurance program expenses as MOE direct cost. Public Works consider these expenses to be direct costs because they are ultimately assigned to specific programs (sidewalk/ curb maintenance, traffic system and street signs). Based on the audit recommendation the Public Works Department will report the expenses as Indirect expenses in future M2 Expenditure Reports.



Rudy Emami, Public Works Director



Deborah A. Moreno, Finance Director/Treasurer



Greg Garcia, Interim City Manager

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

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 Brea'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. 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 unit code. The City records its MOE expenditures in its General Fund (110), identified by a 2-digit department number, and a 4-digit unit 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, 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 of Brea reported total MOE expenditures of \$2,391,120 on its Expenditure Report (Schedule 3, line 18) which exceeded the MOE benchmark requirement of \$838,243 for fiscal year 2025. During inspection, we found that actual MOE expenditures per the general ledger expenditure detail totaled \$2,385,777, a variance of \$5,343. After accounting for this variance, the City still met the MOE benchmark requirement. 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 30 direct MOE expenditures totaling \$768,063 which represented approximately 32% of direct MOE expenditures of \$2,385,777 for fiscal year ended June 30, 2025. We agreed 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.

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, 2025. 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, 2025 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 \$4,064,849 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$3,886,226 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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (260) followed by 2-digit department number and a 4-digit unit number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$500,499, 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 three direct Measure M2 Local Fair Share expenditures for inspection totaling \$411,394 representing approximately 82% of total direct Measure M2 Local Fair Share expenditures of \$500,499 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 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, 2025. 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 \$82,287 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 (FY25) 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.

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
April 13, 2026

CITY OF BREA, 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	\$ -
Maintenance	
Other Street Purpose Maintenance	\$ 2,385,777
Total Maintenance	<u>\$ 2,385,777</u>
Total MOE Expenditures	<u>\$ 2,385,777</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Administrative Expenses	\$ 33,454
CIP 7218 – Signal Controller Upgrade	58,661
CIP 7219 – Traffic Calming Improvements	4,756
CIP 7312 – Citywide Slurry Seal	393,109
CIP 7717 – Cliffwood Traffic Calming	10,519
Total Measure M2 Local Fair Share Expenditures	<u>\$ 500,499</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,886,276</u>

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



April 13, 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 Brea as of and for the fiscal year ended June 30, 2025.

Procedure #2

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 of Brea reported total MOE expenditures of \$2,391,120 on its Expenditure Report (Schedule 3, line 18) which exceeded the MOE benchmark requirement of \$838,243 for fiscal year 2025. During inspection, we found that actual MOE expenditures per the general ledger expenditure detail totaled \$2,385,777, a variance of \$5,343. After accounting for this variance, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response: The City acknowledges this finding and has actively taken steps to improve its process in reviewing the expenditures in the general ledger and ensure that the total agrees to the M2 Expenditure Report.



 Kristin Griffith, City Manager



 Monica Lo, Director of Administrative Services



 Michael Ho, Public Works Director

Cecilia Hupp
 Mayor

Marty Simonoff
 Mayor Pro Tem

Christine Marick
 Council Member

Blair Stewart
 Council Member

Steven Vargas
 Council Member

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

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 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, 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. 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 records 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, 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 \$11,405,643 (see Schedule A), which exceeded the MOE benchmark requirement of \$9,827,861. We agreed the total expenditures of \$11,405,643 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 30 direct MOE expenditures totaling \$4,121,758, which represented approximately 42% of direct MOE expenditures of \$9,874,300 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection, \$1,701,417 of landscape, tree, and equipment maintenance service charges were identified as indirect cost allocations that should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. 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: 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, 2025. We agreed \$1,531,343 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$618,891, which represented approximately 40% of indirect MOE expenditures. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included PERS UAL payments, Indirect Labor Charges, and Administrative Charges for the Public Works department. During inspection of direct costs in Procedure #3, we identified \$1,701,417 in indirect costs that were initially reported as direct costs. We selected 14 indirect MOE expenditures totaling \$939,411, which represented approximately 55% of indirect MOE expenditures additionally identified. 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, 2025 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 \$10,428,432 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$6,536,470 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, 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.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (416) followed by 5-digit department number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,702,612 (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 five direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,269,639 representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$5,702,612 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 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, 2025. 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 \$340,136 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 (FY25) 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.

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, 2026

CITY OF COSTA MESA, 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	\$ 1,531,343
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 872,358
Signals, Safety Devices, & Street Lights	155,830
Pedestrian Ways & Bikepaths	525,564
Storm Drains	<u>225,425</u>
Total Construction	<u>\$ 1,779,177</u>
Maintenance	
Overlay & Sealing	\$ 1,659,299
Street Lights & Traffic Signals	2,434,709
Other Street Purpose Maintenance	4,001,115
Total Maintenance	<u>8,095,123</u>
Total MOE Expenditures	<u>\$ 11,405,643</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Citywide Street Improvements	\$ 4,119,808
Adams at Pinecreek Improvements	1,283,404
Traffic Signal Modification Baker Street at Babb Street	287,208
Traffic Signal at Fairview Road and Belfast	<u>12,192</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 5,702,612</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 17,108,255</u></u>

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



CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

April 9, 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 Costa Mesa as of and for the fiscal year ended June 30, 2025.

Procedure #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: We selected 30 direct MOE expenditures totaling \$4,121,758, which represented approximately 42% of direct MOE expenditures of \$9,874,300 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection, \$1,701,417 of landscape, tree, and equipment maintenance service charges were identified as indirect cost allocations that should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response:

Thank you for your review. The City acknowledges the identified amount of \$1,701,417 related to landscape, tree, and equipment maintenance service charges. We agree that these expenditures were properly classified as local street and road expenditures and are allowable and we appreciate your confirmation that no other exceptions were noted.

The City has noted and updated the indirect costs, and we will allocate costs such as maintenance service charges and landscape charges as indirect costs going forward.



City Manager



Finance Manager



Public Works Director

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

Board of Directors
Orange County Local Transportation Authority and
the 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 Garden Grove'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. 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, organization key, and account code. The City records its MOE expenditures in its General Fund (111), identified by a 7-digit organization 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, 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.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$12,298,630 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,497,736. We agreed the total expenditures of \$12,298,630 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 \$4,486,737, which represented approximately 43% of direct MOE expenditures of \$12,298,630 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. During inspection, we identified expenditures in the amount of \$90,975 relating to parking citation processing services and determined that these expenditures are unallowable per the Ordinance. After removing these expenditures, the City still met the MOE benchmark requirement. Additionally, during inspection of indirect costs at Procedure #4, we identified \$231,411 in direct costs that were reported as indirect costs. These expenditures were related to direct engineering labor 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: 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, 2025. We agreed \$1,957,466 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$281,130, which represented approximately 14% of total indirect MOE expenditures. During inspection, we found that \$231,411 of direct engineering labor costs charged to specific projects were classified as indirect costs rather than direct costs. Per inquiry with the City, this was due to an error in the interface between the City's timesheet system and the general ledger system. 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, 2025 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 \$10,522,292 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$3,914,927 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.

(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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (246) followed by a 7-digit organization key code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$4,678,917 (see Schedule A), which agreed to the amount reported in 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 selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,150,041 representing approximately 89% of total direct Measure M2 Local Fair Share expenditures of \$4,678,917 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. We also compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one project (Chapman Rehabilitation Landscape Maintenance – CP-11552) that appeared in Schedule 4, but was not listed in the City's current Seven-Year CIP. We confirmed that the project was included in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other 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, 2025. 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.

(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 \$107,623 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 (FY25) 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.

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 8, 2026

CITY OF GARDEN GROVE, 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	\$ 1,957,466
 Construction & Right-of-Way	
Street Reconstruction	\$ 2,227,204
Street Reconstruction - Pavement	2,283,994
Total Construction	<u>\$ 4,511,198</u>
 Maintenance	
Street Lights & Traffic Signals	\$ 611,648
Other Street Purpose Maintenance	5,218,318
Total Maintenance	<u>\$ 5,829,966</u>
 Total MOE Expenditures	 <u>\$ 12,298,630</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
CIP - Harbor/Garden Grove Intersection Street Improvements	\$ 444
CP - Slurry Seal Projects	145,375
Arterial Street Improvements FY25	4,533,098
Total Measure M2 Local Fair Share Expenditures	<u>\$ 4,678,917</u>
 Total MOE and Measure M2 Local Fair Share Expenditures	 <u>\$ 16,977,547</u>

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

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

Stephanie Klopfenstein
Mayor

George S. Brietigam
Mayor Pro Tem - District 1

Phillip Nguyen
Council Member - District 2

Cindy Ngoc Tran
Council Member - District 3

Joe DoVinh
Council Member - District 4

Yesenia Muñeton
Council Member - District 5

Ariana Arestegui
Council Member - District 6

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 Garden Grove as of and for the fiscal year ended June 30, 2025.

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 \$4,486,737, which represented approximately 43% of direct MOE expenditures of \$12,298,630 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. During inspection, we identified expenditures in the amount of \$90,975 relating to parking citation processing services and determined that these expenditures are unallowable per the Ordinance. After removing these expenditures, the City still met the MOE benchmark requirement. Additionally, during inspection of indirect costs at Procedure #4, we identified \$231,411 in direct costs that were reported as indirect costs. These expenditures were related to direct engineering labor costs. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that the parking citation processing services totaling \$90,975 were unallowable. The citation contract has been since been reassigned to a different fund and department to ensure these costs are no longer reported as Local Street and Road expenditures. The City also notes that the MOE benchmark requirement remains satisfied after removing these unallowable expenditures.

The City further acknowledges that \$231,411 in direct engineer labor costs were incorrectly classified as indirect costs due to a coding error. The ERP system has been updated to properly reflect the correct classification, and going forward, the City will ensure that direct engineer labor is reported as direct cost.

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, 2025. We agreed \$1,957,466 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$281,130, which represented approximately 14% of total indirect MOE expenditures. During inspection, we found that \$231,411 of direct engineering labor costs charged to specific projects were classified as indirect costs rather than direct costs. Per inquiry with the City, this was due to an error in the interface between the City's timesheet system and the general ledger system. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that \$231,411 in direct engineer labor costs were incorrectly classified as indirect costs due to a system interface error between the City's timesheet system and general ledger. As a result, direct labor costs for specific projects were recorded as indirect costs.

The City has taken corrective action and updated the general ledger to properly reflect these costs as direct costs. Moving forward, the City will continue to monitor cost classifications to prevent similar issues in future reporting periods.

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 selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,150,041 representing approximately 89% of total direct Measure M2 Local Fair Share expenditures of \$4,678,917 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. We also compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one project (Chapman Rehabilitation Landscape Maintenance – CP-11552) that appeared in Schedule 4, but was not listed in the City's current Seven-Year CIP. We confirmed that the project was included in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that project CP-11552 (Chapman Rehabilitation Landscape Maintenance) appeared on the Expenditure Report (Schedule 4) but was not listed in the current Seven-Year Capital Improvement Program (CIP). The project had been included in prior years' Seven-Year CIPs, remains active, and continues to qualify as an eligible Measure M2 Local Fair Share project. The omission was due to an oversight during the annual CIP rollover process and does not reflect any change in the project's scope or eligibility.

Going forward, the City will implement a review process to ensure that all active and ongoing projects are appropriately carried forward from one fiscal year to the next and that the Seven-Year CIP remains consistent with the projects reported on Schedule 4.



City Manager



Finance Director



Public Works Director

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

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 Irvine'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. 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, project codes, and object codes. The City records its MOE expenditures in its General Fund (001) and is identified by a 6-digit project code and 4-digit object 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, 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 \$19,359,017 (see Schedule A), which exceeded the MOE benchmark requirement of \$8,681,278. We agreed the total expenditures of \$19,359,017 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 30 direct MOE expenditures totaling \$11,401,876, which represented approximately 59% of total direct MOE expenditures of \$19,359,017 for the fiscal year ended June 30, 2025. We agreed the dollar amounts recorded in the general ledger to the supporting documentation provided by the City. During inspection, we identified costs in the amount of \$3,113,608 that were based on a percentage allocation methodology and should have been classified as indirect costs. In addition, we identified the City used incorrect rates to allocate certain indirect costs, resulting in overcharges to the MOE in the amount \$335,561. Finally, we identified \$24,504 in MOE charges that were attributable to the prior fiscal year. After removing these expenditures, the City still met the MOE benchmark requirement. 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: 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 reported as MOE expenditures for the fiscal year ended June 30, 2025. However, during inspection of direct costs at Procedure #3, we identified \$3,113,608 in indirect costs that were reported as direct costs. These expenditures were for tree maintenance and water utility costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. 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, 2025 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 \$21,883,295 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$11,848,618 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, 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.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (154) followed by a 6-digit project 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, 2025, were \$6,206,825, 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 13 direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,788,157 representing approximately 77% of total direct Measure M2 Local Fair Share expenditures of \$6,206,825 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 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, 2025. 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 \$646,009 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 (FY25) 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.

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 13, 2026

CITY OF IRVINE, 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	\$ 672,604
Street Reconstruction - Pavement	5,485,215
Pedestrian Ways & Bikepaths	1,287,543
Total Construction	<u>\$ 7,445,362</u>
Right of Way Acquisition	\$ 594
Total Construction & Right-of-Way	<u>\$ 7,445,956</u>
Maintenance	
Street Lights & Traffic Signals	\$ 3,290,458
Other Street Purpose Maintenance	8,622,603
Total Maintenance	<u>\$ 11,913,061</u>
Total MOE Expenditures	<u>\$ 19,359,017</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
FY22 Signal Emergency Connection Upgrade	\$ 134,752
FY24 Slurry Seal/Local Street Rehabilitation	5,685,797
FY25 Slurry Seal/Local Street Rehabilitation	355,930
Walnut Pavement Rehabilitation (Harvard - Culver)	30,346
Total Measure M2 Local Fair Share Expenditures	<u>\$ 6,206,825</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 25,565,842</u>

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



April 13, 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 Irvine as of and for the fiscal year ended June 30, 2025.

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 30 direct MOE expenditures totaling \$11,401,876, which represented approximately 59% of total direct MOE expenditures of \$19,359,017 for the fiscal year ended June 30, 2025. We agreed the dollar amounts recorded in the general ledger to the supporting documentation provided by the City. During inspection, we identified costs in the amount of \$3,113,608 that were based on a percentage allocation methodology and should have been classified as indirect costs. In addition, we identified the City used incorrect rates to allocate certain indirect costs, resulting in overcharges to the MOE in the amount \$335,561. Finally, we identified \$24,504 in MOE charges that were attributable to the prior fiscal year. After removing these expenditures, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges the audit results for Procedure #3 related to sampled MOE expenditures for the fiscal year ended June 30, 2025. The City will implement a secondary review process to validate that charges are eligible and properly attributable to MOE.

The variance of \$335,561 was due to the use of historical cost allocation rates for tree maintenance and water utility expenditures. To mitigate similar variances going forward, the City will regularly review these cost allocation rates to better align them with actual MOE expenditures and classify as indirect costs.

Additionally, the City acknowledges that \$24,504 in street rehabilitation expenditures were attributable to the prior fiscal year and will strengthen its review procedures to ensure expenditures are reported in the appropriate period on the annual M2 Expenditure Report.



Sean Crumby

City Manager

April 13, 2026
Date

Dakle Bulosan

Director of Administrative Services

April 13, 2026
Date

[Signature]

Luis Estevez (Apr 13, 2026 15:30:08 PDT)
Director of Public Works and Sustainability

April 13, 2026
Date

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

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 Lake Forest'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. 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 number, program code, object code, and project code. The City recorded its MOE Expenditures in its General Fund (101), State Gas Tax HUTA Fund (210), and State Gas Tax RMRA Fund (211). The City identified MOE Expenditures within the funds by a 3-digit program code, 5-digit object code, and 5-character project 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, 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.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$674,305 (see Schedule A), which exceeded the MOE benchmark requirement of \$245,220. We agreed the total expenditures of \$674,305 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 nine direct MOE expenditures totaling \$503,651, which represented approximately 75% of direct MOE expenditures of \$674,305 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the 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.

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, 2025. 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, 2025 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 \$5,798,023 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$1,218,201 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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (220) followed by 3-digit program key code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,463,957, 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.

(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 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 five direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,216,466 representing approximately 77% of total direct Measure M2 Local Fair Share expenditures of \$5,463,957 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 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, 2025. 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 \$86,168 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 (FY25) 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 cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
March 30, 2026

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

	SCHEDULE A
Maintenance	
Other Street Purpose Maintenance	\$ 674,305
Total Maintenance	<u>\$ 674,305</u>
Total MOE Expenditures	<u>\$ 674,305</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Road Rehabilitation - Muirlands/Jeronimo	\$ 1,555,323
Road Rehabilitation - Trabuco	<u>3,908,634</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 5,463,957</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 6,138,262</u>

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

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

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 Placentia'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. 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 number, department number, and object code. The City recorded its MOE expenditures in its General Fund (101), Measure U Fund (102), State Gas Tax RMRA Fund (217), and Stormdrain Impact Fee Fund (306). The City identified its MOE expenditures within the funds by a 5-digit department number and 4-digit object 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, 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.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$1,278,297 (see Schedule A), which exceeded the MOE benchmark requirement of \$879,347. We agreed the total expenditures of \$1,278,297 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 one direct MOE expenditure totaling \$1,087,615, which represented approximately 85% of direct MOE expenditures of \$1,278,297 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. We determined that the expenditure was 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: 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.

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, 2025 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 \$2,912,959 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$834,265 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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (211) followed by a 5-digit department number and 4-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$1,241,179, 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.

(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 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 three direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,001,566 representing approximately 81% of total direct Measure M2 Local Fair Share expenditures of \$1,241,179 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 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, 2025. 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 \$18,006 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 (FY25) 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.



Crowe LLP

Costa Mesa, California
April 1, 2026

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

	SCHEDULE A
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 1,263,462
Pedestrian Ways & Bikepaths	<u>14,835</u>
Total Construction	<u>\$ 1,278,297</u>
Total MOE Expenditures	<u>\$ 1,278,297</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
FY 23-24 Roadway Rehabilitation Project Construction	<u>\$ 1,241,179</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 1,241,179</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,519,476</u>

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

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

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 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, 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. 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 number and account unit. The City recorded its MOE expenditures in its General Fund (11) and identified MOE expenditures within the fund by a 5-digit account unit. No exceptions were found as a result of this procedure.

2. 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 \$14,829,277 (see Schedule A), which exceeded the MOE benchmark requirement of \$10,324,712. We agreed the total expenditures of \$14,829,277 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 30 direct MOE expenditures totaling \$4,199,030, which represented approximately 32% of direct MOE expenditures of \$14,829,277 for fiscal year ended June 30, 2025. We agreed 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.

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, 2025. 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, 2025 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 \$18,659,321 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$17,235,292 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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (32) followed by a 5-digit account unit. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$4,032,548, 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.

(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 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 seven direct Measure M2 Local Fair Share expenditures for inspection totaling \$3,035,602, representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$4,032,548 for the fiscal year ended June 30, 2025. We agreed the dollar amounts 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 expenditures. Additionally, we identified a negative amount reported on Schedule 4 related to a supported reclassification of previously recorded Local Fair Share expenditures to a different funding source. 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, 2025. 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 \$18,750 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 (FY25) 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 cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
April 3, 2026

CITY OF SANTA ANA, 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	\$ 2,738,652
Street Reconstruction - Pavement	1,120,341
Signals, Safety Devices, & Street Lights	3,008,167
Pedestrian Ways & Bikepaths	<u>720,075</u>
Total Construction	<u>\$ 7,587,235</u>
Maintenance	
Street Lights & Traffic Signals	\$ 2,806,847
Other Street Purpose Maintenance	<u>4,435,195</u>
Total Maintenance	<u>\$ 7,242,042</u>
Total MOE Expenditures	<u>\$ 14,829,277</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Bristol Widening-Warner/St Andrew Phase IV	\$ 646,000
Euclid Street Corrective Traffic Signal Synchronization	3,848
Fairview Bridge and Street Improvements	101,985
Grand Avenue Rehabilitation - McFadden to 1st Street	44,590
Kennedy Elementary and Villa Fundamental Safe Routes to School	238,049
Local Street Preventative Maintenance FY23/24	2,608,134
Local Street Preventative Maintenance	491
Main Street Slurry: Memory Lane to North City Limit	3,199
McFadden Rehabilitation Fairview to Raitt	120,818
Pavement Management FY23/24	33,600
Pavement Management FY24/25	64,066
Project Development	49,031
Project Development FY23/24	14,539
Right of Way Management	144,638
Right of Way Management FY22/23	570
Santa Clara Bike Lane Lincoln Ave to Tustin Ave	(216,608)
Sgerstrom/Dyer Traffic Signal Synchronization	6,750
Traffic Management Plans FY22/23	18,638
Traffic Management Plans FY23/24	49,869
Tustin Ave Traffic Signal Synchronization	12,608
Warner Ave Traffic Signal Synchronization	<u>87,733</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 4,032,548</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 18,861,825</u>

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

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

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 Tustin'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. 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 number, organization key, and account code. The City records its MOE expenditures in its General Fund (100), Land Sale Proceeds Fund (189), and General Fund CIP (200). The City identified its MOE expenditures within the funds by a 2-digit department number, and a 2-digit division 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, 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 \$6,814,184 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,938,025. We agreed the total expenditures of \$6,814,184 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 \$4,266,789, which represented approximately 63% of direct MOE expenditures of \$6,814,184 for fiscal year ended June 30, 2025. We agreed 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.

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, 2025. 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, 2025 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 \$6,555,506 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$4,737,472 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, 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 City tracks its LFS expenditures in its Measure M2 Fair Share Fund (139) followed by a 5-digit project code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$627,836, 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 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 11 direct Measure M2 Local Fair Share expenditures for inspection totaling \$475,554 representing approximately 76% of total direct Measure M2 Local Fair Share expenditures of \$627,836 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 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, 2025. 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 \$184,258 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 (FY25) 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 cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
March 30, 2026

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

	SCHEDULE A
Construction & Right-of-Way	
New Street Construction	\$ 4,987,075
Street Reconstruction - Pavement	48,038
Pedestrian Ways & Bikepaths	17,602
Total Construction	<u>\$ 5,052,715</u>
 Maintenance	
Street Lights & Traffic Signals	\$ 321,145
Other Street Purpose Maintenance	1,440,324
Total Maintenance	<u>\$ 1,761,469</u>
Total MOE Expenditures	<u>\$ 6,814,184</u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
Traffic Sig Controller Upgrade/Rep	\$ 3,069
Main Street Improvements	14,562
Red Hill Ave Synchronization	13,171
First Street Signal Synchronization	4,364
Tustin Ave Signal Synchronization	580
FY 23/24 Major Pavement Maintenance	123,708
FY 24/25 Major Pavement Maintenance	468,382
Total Measure M2 Local Fair Share Expenditures	<u>\$ 627,836</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 7,442,020</u>

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