

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF BUENA PARK FY24**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2024

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF BUENA PARK FY24**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2024

The city of Buena Park was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2024.

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2024. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2024. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain the Settlement Agreement between OCTA and the City. Identify whether misspent Local Fair Share funds were repaid to OCTA.

Findings: We obtained the Settlement Agreement between the City of Buena Park and Orange County Transportation Authority (OCTA) dated July 10, 2024. Within the settlement agreement the OCTA Board found Buena Park ineligible to receive or apply for Net Revenues for five years and directed staff to seek reimbursement of \$387,576. We obtained documentation of the payment remittance from the City to OCTA and found no exceptions.

2. Obtain a copy of the City's FY24 Annual Comprehensive Financial Report and determine whether it reflects an unmodified opinion per Independent Auditor's report.

Findings: Crowe obtained the City of Buena Park's FY24 Annual Comprehensive Financial Report (ACFR) and found that the independent auditor issued an unmodified opinion on the City's ACFR.

(Continued)

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

Findings: The MOE expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its MOE expenditures in its General Fund (11) and is identified by various 6-digit activity number. No exceptions were found as a result of this procedure.

4. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2024 and determine whether the City met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2023/2024. 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, 2024, were \$4,995,502 (see Schedule A) which exceeded the MOE benchmark requirement of \$4,778,989. We agreed the total expenditures of \$4,995,502 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

5. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$1,928,383, which represented approximately 39% of direct MOE expenditures of \$4,995,502 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a water collection software application for \$21,450, that was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. As a result, this amount would be considered disallowed and removed from the total MOE expenditures. After removing the transaction from the total MOE expenditures, the City continued to meet the MOE benchmark. We also identified \$31,152 of direct charges that should have been reported as indirect costs. These charges represented various allocations for service abatements as well as vehicle and building maintenance. Upon further inspection, we identified a total of \$607,426 of these costs that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

6. 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 City's Expenditure Report, we found that no indirect costs were reported on Schedule 3, Line 1. After further inspection of the direct expenditure detail from the City's general ledger in Procedure #3 and discussion with City personnel, we found that \$607,426 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2024. These expenditures consisted of allocations for Fleet Vehicle Maintenance, Building Maintenance, and Service Abatements. We obtained the City's allocation plans for each type of expenditure, recomputed the indirect costs using the allocation methodology with no exceptions, and determined that the allocations were developed using a reasonable and appropriate methodology. As such, these costs should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

(Continued)

7. 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, 2024. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (25). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2024 was \$878,509 (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.

8. 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 testing. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without exception. We selected five Measure M2 Local Fair Share direct expenditures for inspection totaling \$868,634 representing approximately 99% of total Measure M2 direct Local Fair Share expenditures of \$878,509 for the fiscal year ended June 30, 2024. We agreed the dollar amount to supporting documentation and determined the 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.

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

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2024. 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 9, 2025

CITY OF BUENA PARK, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2024
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Construction & Right-of-Way	
Street Reconstruction	\$ 1,164,111
Total Construction	<u>\$ 1,164,111</u>
Maintenance	
Street Lights & Traffic Signals	\$ 1,379,113
Other Street Purpose Maintenance	<u>2,452,278</u>
Total Maintenance	<u>\$ 3,831,390</u>
Total MOE Expenditures	<u><u>\$ 4,995,502</u></u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Orangethorpe Avenue Rehabilitation, Western to Stanton	\$ 180,211
Los Coyotes Pavement Rehabilitation, Beach to Country Club Dr.	30,553
Caballero Pavement Rehabilitation, Valley View to Regio	667,745
Total Measure M2 Local Fair Share Expenditures	<u>\$ 878,509</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 5,874,010</u></u>

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



Exhibit 1

April 9, 2025

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Buena Park as of and for the fiscal year ended June 30, 2024.

Procedure #5

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

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 40 direct MOE expenditures totaling \$1,928,383, which represented approximately 39% of direct MOE expenditures of \$4,995,502 for fiscal year ended June 30, 2024. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a water collection software application for \$21,450 that was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. As a result, this amount would be considered disallowed and removed from the total MOE expenditures. After removing the transaction from the total MOE expenditures, the City continued to meet the MOE benchmark. We also identified \$31,152 of direct charges that should have been reported as indirect costs. These charges represented various allocations for service abatements as well as vehicle and building maintenance. Upon further inspection, we identified a total of \$607,426 of these costs that should have been reported as indirect costs. See Procedure #4 for indirect cost testing. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges the findings and will implement the necessary adjustments to the Measure M2 report to ensure proper classification of expenditures.

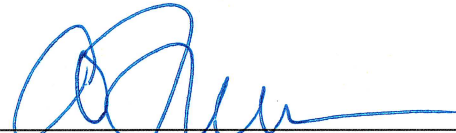
Procedure #6

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 City's Expenditure Report, we found that no indirect costs were reported on Schedule 3, Line 1. After further inspection of the direct expenditure detail from the City's general ledger in Procedure #3 and discussion with City personnel, we found that \$607,426 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2024. These expenditures consisted of allocations for Fleet Vehicle Maintenance, Building Maintenance, and Service Abatements. We obtained the City's allocation plans for each type of expenditure, recomputed the indirect costs using the allocation methodology with no exceptions, and determined that the allocations were developed using a reasonable and appropriate methodology. As such, these costs should have been reported as indirect costs. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges the findings and will implement the necessary adjustments to the Measure M2 report to ensure proper classification of expenditures.



Aaron France, City Manager



Sung Hyun, Director of Finance

Signed by:



Mina Mikhael, Director of Public Works