ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

MEASURE M2
AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2012

ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY

MEASURE M2
AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2012

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, 2012. Please refer to the individual divider tab for our report on each Agency.

City of Anaheim

City of Costa Mesa

City of Fountain Valley

City of Fullerton

City of Laguna Niguel

City of Laguna Woods

City of Lake Forest

City of Mission Viejo

City of Newport Beach

City of Yorba Linda

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Anaheim's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $7,496,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City recorded its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $7,708,032 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $1,511,765 representing approximately 20% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $8,012,962 for the past three fiscal years, which included $3,703,861 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $4,309,101 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2010/2011	Turnback (M1)	$68,694
2011/2012	Local Fair Share (M2)	$349,534

7. We documented which fund the City 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, 2012.

   Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 271, Measure M2 Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012 were $3,959,567 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: Measure M2 Local Fair Share expenditures tested totaled $3,189,254 representing approximately 81% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF ANAHEIM, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Agency Staff & Administration	$ 955,957
Street Reconstruction	784,150
Signal, Safety Devices, & Street Lights	338,661
Street Lights & Traffic Signals	3,337,223
Other Street Purpose Maintenance	2,292,041
Total MOE Expenditures	7,708,032
Measure M2 Local Fair Share Expenditures:	
Capital Projects Administration	189,723
Riverdale Avenue/Tustin Avenue	997
Operations Street Rehab Projects	63,341
Royal Oak Rd-Santa Ana Canyon Rd to Nohl Ranch Rd	63,934
Riverdale Ave-Lakeview Avenue to Tustin Avenue	8,735
Lincoln Ave-Brookhurst Street to Euclid Street	2,377
Anaheim Blvd - I-5 Fwy to Ball Rd	908
Operation Street Rehab Projects - Group 2	3,624,980
Knott Ave Improvements from Orange Avenue to Lincoln Avenue	1,133
Orange Ave Improvements from Knott Avenue to Western Avenue	1,782
Broadway Improvements from Dales Street to Magnolia Avenue	1,657
Total Measure M2 Local Fair Share Expenditures	3,959,567
Total MOE and Measure M2 Local Fair Share Expenditures	$ 11,667,599

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Costa Mesa's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $5,980,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $6,691,948 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $696,114 representing approximately 10% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $4,869,934 for the past three fiscal years, which included $2,854,709 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $2,015,225 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$2,015,225

7. We documented which fund the City 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, 2012.

   Results: The City established the Measure M2 Local Fair Share Fund (Fund 416); however, there were no expenditures of Measure M2 Local Fair Share or Measure M1 Turnback funds for the fiscal year ended June 30, 2012. All previously received Measure M1 Turnback funds had been expended in previous years. Accordingly, this procedure was not performed.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: We noted no Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012. Accordingly, these procedures were not performed.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, there were no Measure M2 Local Fair Share expenditures reported for the fiscal year ended June 30, 2012. Accordingly, this procedure was not performed.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: Based on our review of the general ledger detail and discussion with the City's accounting personnel, no interest was allocated for the months of July 2011 through February 2012. However, management asserts that the City subsequently calculated the appropriate amount of interest that should have been allocated, and posted the interest to the Measure M2 Fund appropriately.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF COST MESA, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Parkway & Median Maintenance	$ 895,828
Street Cleaning	490,082
Street Maintenance	1,005,953
Storm Drain Maintenance	174,846
Traffic Operations	1,898,302
Signs and Markings	410,539
Equipment Maintenance	374,540
Street Improvements	280,881
Storm Drain Improvements	105,923
Traffic Planning	313,707
Dept. Administrative Program	473,124
Construction Management	268,223
Total MOE Expenditures	$ 6,691,948

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES — CITY OF FOUNTAIN VALLEY

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fountain Valley's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $1,149,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $2,148,642 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $367,980 representing approximately 17% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments and Turnback made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $2,111,670 for the past three fiscal years, which included $1,277,872 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $833,798 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$833,798

7. We documented which fund the City 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, 2012.

   Results: The City established the Measure M2 Local Fair Share Fund (Fund 25); however, there were no expenditures of Measure M2 Local Fair Share or Measure M1 Turnback funds for the fiscal year ended June 30, 2012. All previously received Measure M1 Turnback funds had been expended in previous years. Accordingly, this procedure was not performed.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: We noted no Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012. Accordingly, these procedures were not performed.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, there were no Measure M2 Local Fair Share expenditures reported for the fiscal year ended June 30, 2012. Accordingly, this procedure was not performed.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF FOUNTAIN VALLEY, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Lighting	$ 568,155
Right of Way	492,913
Concrete Maintenance	298,209
Pavement Maintenance	329,073
Traffic Control	460,292
Total MOE Expenditures	$ 2,148,642

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Fullerton's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $3,083,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund, Sanitation Fund, and the Gas Tax Street Improvement Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City’s MOE expenditures for the fiscal year ended June 30, 2012 were $5,554,149 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $2,031,224 representing approximately 37% of total MOE expenditures for the fiscal year ended June 30, 2012. Based on our review of the general ledger detail and discussion with the City's accounting personnel, MOE expenditures are derived by an allocation percentage applied to a set of accounts that include maintenance of effort related expenditures. It was also noted that the percentages were consistent with those that have been used in prior years; however, there was no documentation to support how those percentages were determined. The MOE expenditures selected for the sample, as noted above, were chosen from this set of accounts and no exceptions were noted for the sample.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $4,417,573 for the past three fiscal years, which included $2,586,213 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $1,831,360 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$1,831,360

7. We documented which fund the City 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, 2012.

   Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 25, Measure M2 Fund. Total Measure M2 Local Fair Share expenditures reported during the fiscal year ended June 30, 2012 were $44,847, however subsequently noted they had incorrectly been recorded in this fund. Management asserted a correcting journal entry would be recorded to remove these expenditures. Additionally, there were no expenditures of Measure M1 Turnback funds for the fiscal year ended June 30, 2012. All previously received Measure M1 Turnback funds had been expended in previous years. Accordingly, this procedure was not performed.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.

b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

Results: As noted above, we noted no Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012. Accordingly, these procedures were not performed.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, the $44,847 previously reported Measure M2 Local Fair Share expenditures were identified by management as not being Measure M2 Local Fair Share expenditures. Accordingly, this procedure was not performed.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF FULLERTON, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
General Engineering	$ 79,594
Maintenance Services	76,152
Street Lighting	552,098
Street Maintenance	2,792,178
Street Cleaning	794,949
Landscape Maintenance	1,371
Tree Maintenance	1,257,807
Total MOE Expenditures	$ 5,554,149

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES — CITY OF LAGUNA NIGUEL

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Laguna Niguel's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $691,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $2,259,806 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $583,119 representing approximately 26% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $2,341,816 for the past three fiscal years, which included $1,381,400 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $960,416 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$796,333

7. We documented which fund the City 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, 2012.

   Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 220, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012 were $164,083 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: Measure M2 Local Fair Share expenditures tested totaled $112,967 representing approximately 69% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF LAGUNA NIGUEL, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Sweeping	$ 167,000
Street Lighting	527,818
Median Maintenance	405,973
Median Island Repairs	106,394
Annual Street Resurfacing	321,775
PDC Bridge Retrofit	182,008
Camino Cap Street & Landscape	548,838
Total MOE Expenditures	2,259,806
Measure M2 Local Fair Share Expenditures:	
Crown Valley Widening	164,083
Total MOE and Measure M2 Local Fair Share Expenditures	$ 2,423,889

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES — CITY OF LAGUNA WOODS

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Laguna Woods' (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $77,769 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $77,769 (see Schedule A), which met the minimum requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $62,779 representing approximately 81% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $466,198 for the past three fiscal years, which included $280,729 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $185,469 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$61,919

7. We documented which fund the City 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, 2012.

   Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 111, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012 were $123,550 (see Schedule A).

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: Measure M2 Local Fair Share expenditures tested totaled $89,861 representing approximately 73% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF LAGUNA WOODS, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Landscape	$ 77,769
Measure M2 Local Fair Share Expenditures:	
Street Maintenance	123,550
Total MOE and Measure M2 Local Fair Share Expenditures	$ 201,319

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Lake Forest's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $140,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City's MOE expenditures for the fiscal year ended June 30, 2012 were $1,480,041 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

    a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
    b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

    Results: MOE expenditures tested totaled $246,843 representing approximately 17% of total MOE expenditures for the fiscal year ended June 30, 2012. Based on our review of the general ledger detail and discussion with the City's accounting personnel, MOE expenditures totaled $1,480,041 of which $242,202 of these expenditures were determined by a percentage applied to a set of accounts that included maintenance of effort expenditures. It was noted that the percentages applied were consistent with those that have been used in prior years; however, there was no documentation to support how those percentages were determined. We also noted that if this amount of $242,202 were not designated by the City as MOE expenditures, the City exceeded its MOE requirement by approximately $1,097,839 for the fiscal year ended June 30, 2012. The MOE expenditures selected for the sample, as noted above, were chosen from this set of accounts and no exceptions were noted for the sample.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

    Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

    Results: The City received $2,524,667 for the past three fiscal years, which included $1,471,195 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $1,053,472 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 no remaining cash balances were noted.

7. We documented which fund the City 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, 2012.

    Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 220, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012 were $1,920,821 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

    a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.

b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled $1,658,151 representing approximately 86% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 13, 2012

SCHEDULE A

CITY OF LAKE FOREST, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Medians, Parkways, and Slopes Utilities	$ 271,720
Parks / MPS Landscape Repairs	174,293
Median / Slope Landscape Maintenance	650,252
Tree Maintenance	55,589
Residential Street Sweeping	201,391
Arterial Street Sweeping	114,476
Contract Services Traffic Engineer	12,320
Total MOE Expenditures	1,480,041
Measure M2 Local Fair Share Expenditures:	
Annual Street Resurfacing & Slurry Seal	1,920,821
Total MOE and Measure M2 Local Fair Share Expenditures	$ 3,400,862

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 MISSION VIEJO

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Mission Viejo's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $2,150,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund and OCTA Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City’s MOE expenditures for the fiscal year ended June 30, 2012 were $4,518,919 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

    a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
    b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

    Results: MOE expenditures tested totaled $1,055,688 representing approximately 23% of total MOE expenditures for the fiscal year ended June 30, 2012. Based on our review of the general ledger detail and discussion with the City's accounting personnel, MOE expenditures totaled $4,518,919 of which $69,098 of these expenditures were determined by a percentage applied to a set of accounts that included maintenance of effort expenditures. It was noted that the percentages allocated were consistent with those that have been used in prior years; however, there was no documentation to support how those percentages were determined. We also noted that if this amount of $69,098 were not designated by the City as MOE expenditures, the City exceeded its MOE requirement for the fiscal year ended June 30, 2012. The MOE expenditures selected for the sample, as noted above, were chosen from this set of accounts and no exceptions were noted for the sample.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

    Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

    Results: The City received $3,263,145 for the past three fiscal years, which included $1,928,127 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $1,335,018 for fiscal years ending June 30, 2011 and 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 no remaining cash balances were noted.

7. We documented which fund the City 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, 2012.

    Results: The City's Measure M2 Local Fair Share expenditures are recorded in Fund 267, Measure M Fund. Total Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012 were $1,362,425 (see Schedule A). No exceptions were noted as a result of our procedures.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

    a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
    b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

Results: Measure M2 Local Fair Share expenditures tested totaled $1,362,189 representing approximately 99% of total Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as result of our procedures.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 19, 2012

SCHEDULE A

CITY OF MISSION VIEJO, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Street Lighting	$ 903,595
Street Maintenance	2,159,517
Signal Maintenance	542,339
Art Hwy Slurry	7,582
Public Work Administration	32,049
Engineering	35,478
Transportation Planning	139,177
Traffic Operations	85,355
Traffic Safety	59,603
Environmental Maintenance	528,303
Marguerite Intersection Improvements	25,921
Total MOE Expenditures	4,518,919
Measure M2 Local Fair Share Expenditures:	
Geotechnical Services	2,470
Street Improvements	1,359,955
Total Measure M2 Local Fair Share Expenditures	1,362,425
Total MOE and Measure M2 Local Fair Share Expenditures	$ 5,881,344

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Newport Beach's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $8,229,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City’s MOE expenditures for the fiscal year ended June 30, 2012 were $11,941,930 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $1,738,575 representing approximately 15% of total MOE expenditures for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $3,687,868 for the past three fiscal years, which included $2,158,220 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $1,529,648 for fiscal years ending June 30, 2011 and 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2010/2011	Local Fair Share (M2)	$ 96,125
2011/2012	Local Fair Share (M2)	$1,433,523

7. We documented which fund the City 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, 2012.

   Results: The City established the Measure M2 Local Fair Share Fund (Fund 280); however, there were no expenditures of Measure M2 Local Fair Share or Measure M1 Turnback funds for the fiscal year ended June 30, 2012. All previously received Measure M1 Turnback funds had been expended in previous years. Accordingly, this procedure was not performed.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: We noted no Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012. Accordingly, these procedures were not performed.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, there were no Measure M2 Local Fair Share expenditures reported for the fiscal year ended June 30, 2012. Accordingly, this procedure was not performed.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF NEWPORT BEACH, CALIFORNIA
Schedule of MOE and Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
General Services Field Maintenance	$ 3,525,525
General Services Operations Support	433,221
General Services Parks/Parkway Maintenance	963,252
General Services Street Tree Maintenance	1,396,763
Public Works Engineering Services	1,693,558
Public Works Transportation and Development Services	1,207,349
Public Works Electrical Maintenance	651,711
General Fund Street Related CIP	1,813,038
Public Works Admin	257,513
Total MOE Expenditures	$ 11,941,930

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES — CITY OF YORBA LINDA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the City of Yorba Linda's (City) level of compliance with the provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of, and for the fiscal year ended, June 30, 2012. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Maintenance of Effort (MOE) Calculation Report established by OCLTA and identified the amount determined by OCLTA as the required minimum amount to be spent on MOE expenditures by the City.

   Results: The City was required to spend $1,933,000 in MOE expenditures during the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

2. We documented which funds the City used to track all street and road expenditures and inquired how the City identified MOE expenditures in its general ledger.

   Results: All MOE expenditures are tracked in the general ledger by fund, object, and activity. The City records its MOE expenditures in its General Fund.

3. We obtained the detail of MOE expenditures for the fiscal year ended June 30, 2012 to identify whether the City met the minimum MOE requirement.

   Results: The City’s MOE expenditures for the fiscal year ended June 30, 2012 were $2,596,717 (see Schedule A), which exceeded the requirement. No exceptions were noted as a result of our procedures.

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 Fax: 949.768.8408 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

4. We haphazardly selected a sample of MOE expenditures from the City's general ledger expenditure detail. For each item selected, we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
   b. Verified that the expenditure was properly classified as a local street and road expenditure and is allowed per the Ordinance.

   Results: MOE expenditures tested totaled $481,207 representing approximately 19% of total MOE expenditures for the fiscal year ended June 30, 2012. Based on our review of the general ledger detail and discussion with the City's accounting personnel, MOE expenditures of $68,867 were arrived by a percentage allocation applied to a set of accounts that included maintenance of effort related expenditures. It was noted that the percentage allocations were consistent with those that have been used in prior years; however, there was no documentation to support how these percentages were determined. We also noted that if this amount of $68,867 were not designated by the City as MOE expenditures, the City still exceeded its MOE requirement for the fiscal year ended June 30, 2012. The MOE expenditures selected for the sample, as noted above, were chosen from this set of accounts and no exceptions were noted for the sample.

5. We identified whether or not indirect costs were charged as MOE expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the general ledger expenditure detail and discussion with the City's accounting personnel, MOE expenditures for the fiscal year ended June 30, 2012 did not include indirect costs. No exceptions were noted as a result of our procedures.

6. We obtained a listing of Measure M2 Local Fair Share and Measure M1 Turnback payments made from OCLTA to the City and calculated the amount the City received for the past three fiscal years. We also obtained the cash balances of the City's Measure M2 Local Fair Share Fund and Measure M1 Turnback Fund as of June 30, 2012 to determine whether funds were expended within three years of receipt.

   Results: The City received $2,031,116 for the past three fiscal years, which included $1,199,627 in Measure M1 Turnback funds for fiscal years ending June 30, 2010 and 2011, and Measure M2 Local Fair Share funds in the amount of $831,489 for fiscal year ending June 30, 2012. No exceptions were noted as a result of our procedures and at June 30, 2012 the remaining cash balance of these funds were as follows:

Allocation Year	Funding Source	Remaining Cash Balance
2011/2012	Local Fair Share (M2)	$831,489

7. We documented which fund the City 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, 2012.

   Results: The City established the Measure M2 Local Fair Share Fund (Fund 28); however, there were no expenditures of Measure M2 Local Fair Share or Measure M1 Turnback funds for the fiscal year ended June 30, 2012. All previously received Measure M1 Turnback funds had been expended in previous years. Accordingly, this procedure was not performed.

8. We obtained the City's Seven-Year Capital Improvement Program (CIP) and haphazardly selected a sample of Measure M2 Local Fair Share expenditures from the City's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above were related to projects included in the City's Seven-Year CIP and properly classified as Measure M2 Local Fair Share projects.

   Results: We noted no Measure M2 Local Fair Share expenditures during the fiscal year ended June 30, 2012. Accordingly, these procedures were not performed.

9. We identified whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

   Results: Based upon our review of the general ledger expenditure detail and discussion with the City's accounting personnel, there were no Measure M2 Local Fair Share expenditures reported for the fiscal year ended June 30, 2012. Accordingly, this procedure was not performed.

10. We reviewed the City's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 Local Fair Share Fund.

    Results: No exceptions were noted as result of our procedures.

11. We reviewed documentation in order to determine whether or not the City was found eligible by the TOC Eligibility Subcommittee.

    Results: We reviewed correspondence received by the City from the TOC Eligibility Subcommittee which indicated the City was found eligible to receive Measure M2 Local Fair Share funds. As a result, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the Orange County Local Transportation Authority and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
December 3, 2012

SCHEDULE A

CITY OF YORBA LINDA, CALIFORNIA
Schedule of Measure M2 Local Fair Share Expenditures
Year Ended June 30, 2012
(Unaudited)

Maintenance of Effort (MOE) Expenditures:	
Public Works Infrastructure	$ 1,605,685
Public Works Project Development	559,791
Public Works Administration	68,867
Public Works Traffic	362,374
Total MOE Expenditures	$ 2,596,717

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