

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

**Report on Agreed-Upon Procedures  
Applied to Measure M2 Status Report**

Year Ended June 30, 2014

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

**Report on Agreed-Upon Procedures  
Applied to Measure M2 Status Report**

Year Ended June 30, 2014

**Table of Contents**

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures to the Measure M2 Status Report.....	1
Measure M2 Status Report (Unaudited):	
Schedule 1 - Schedule of Revenues, Expenditures and Changes in Fund Balance.....	4
Schedule 2 - Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service) .....	5
Schedule 3 - Schedule of Revenues and Expenditures Summary .....	6
Notes to Measure M2 Status Report.....	9



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES TO THE  
MEASURE M2 STATUS REPORT**

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 (Committee) of the Orange County Local Transportation Authority (OCLTA), solely to assist you with your review of the Measure M2 Status Report, and to ascertain that the amounts have been derived from the audited financial statements or other published documents, Board of Director approved documents or internal documents, for the year ended June 30, 2014. The Measure M2 Status Report consists of the following three schedules (Schedules): Schedule of Revenues, Expenditures and Changes in Fund Balance (Schedule 1); Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service) (Schedule 2); and Schedule of Revenues and Expenditures Summary (Schedule 3). Management of the OCLTA is responsible for the Measure M2 Status Report. 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 following summary of procedures related to the Measure M2 Status Report is separated into three sections: Section A describes our procedures applied to Schedule 1; Section B describes our procedures applied to Schedule 2; and Section C describes our procedures applied to Schedule 3. All amounts are reported in thousands.

A. We obtained Schedule 1 and performed the following procedures:

1. Compared year to date June 30, 2014 amounts (Column A) to the audited trial balances of the OCLTA special revenue fund 17 and the OCLTA debt service fund 72 and additional detailed information from the underlying accounting records.
2. Compared period from inception through June 30, 2014 amounts (Column B) by adding the prior year's period from inception through June 30, 2013 amounts with year to date June 30, 2014 amounts (Column A).
3. Re-computed totals and subtotals.

B. We obtained Schedule 2 and performed the following procedures:

1. Compared year ended June 30, 2014 (Columns C.1 and C.2) to Schedule 1, Column A. For professional services, non-project related amounts, we compared the sum of this caption allocated to revenues and to bond revenues at June 30, 2014 (C.1 and C.2) to Schedule 1, Column A. For environmental cleanup, we agreed this amount to the project job ledger.

2. Compared period from inception through June 30, 2014 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related amounts, we compared the total of the amounts allocated to revenues and to bond revenues at June 30, 2014 (D.1 and D.2) to Schedule 1, Column B. For environmental cleanup, we agreed this amount to the project job ledger.
  3. Compared forecast amounts (Column E.1 and E.2) to Measure M2 Forecast Model Schedule.
  4. Re-computed totals and subtotals.
- C. We obtained Schedule 3 and performed the following procedures:
1. Compared net revenues program to date actual (Column H) and total net revenues (Column I) amounts to Schedule 2, Column D.1 and Column F.1, net revenues (Totals), respectively.
  2. Recalculated net revenues program to date actual (Column H) and total net revenues (Column I) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
  3. Compared the M2 project budget (Column J) for each project to total net revenues (Column I).
  4. Recalculate the variance total net revenues to M2 project budget (Column K) by subtracting Column J from Column I.
  5. Reconciled expenditures through June 30, 2014 (Column L) to Schedule 1, Column B. Agreed environmental cleanup to Schedule 2, Column D.1. Agreed oversight and annual audits to the summary of Measure M2 administrative costs through June 30, 2014. Agreed Column L, by project description to the project job ledger by fiscal year.
  6. We haphazardly selected a sample of forty (40) expenditures from Column L and compared them to invoices and supporting documentation. We concluded that the sampled expenditures were properly accrued and classified.
  7. Agreed reimbursements through June 30, 2014 (Column M) to Schedule 1, Column B. Agreed oversight and annual audits line item to summary of Measure M2 administrative costs through June 30, 2014.
  8. Agreed Column M to the supporting revenue summary by project and fiscal year. We haphazardly selected a sample of forty (40) reimbursements from Column M and agreed them to supporting invoices and remittance advices. We concluded that the sampled reimbursements were properly calculated.
  9. Recalculated the net project cost (Column N) by subtracting Column M from Column L.
  10. Recalculated the Percent of Budget Expended (Column O) by dividing Column N by Column J.
  11. Recalculated revenues program to date actual (Column H.1) and the total revenues (Column I.1) for environmental cleanup (2% of revenues) and oversight and annual audits (1% of revenues) by multiplying sales taxes and operating interest per Schedule 2, Column D.1 and Column F.1 by 2% and 1%, respectively.
  12. Recalculated revenues program to date actual (Column H.1) and total revenues (Column I.1) for collect sales taxes (1.5% of sales taxes) by multiplying sales taxes per Schedule 2, Column D.1 and Column F.1 by 1.5%.
  13. Re-computed total and subtotals.

Results: All of the above procedures were performed without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Measure M2 Status Report. 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. The Notes to the Measure M2 Status Report (Notes) have been provided by the OCLTA to describe the purpose, format, and content of the schedules. We were not engaged to and did not perform any procedures on the Notes.

This report is intended solely for the information and use of OCTLA's management, the Board of Directors, and the Taxpayers Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.



Laguna Hills, California

December 19, 2014

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2014**  
**(Unaudited)**

(\$ in thousands)	Year to Date June 30, 2014 (A)	Period from Inception to June 30, 2014 (B)
Revenues:		
Sales taxes	\$ 279,587	\$ 857,815
Other agencies' share of Measure M2 costs:		
Project related	121,385	277,413
Non-project related	134	134
Interest:		
Operating:		
Non-project related	4,282	5,809
Bond proceeds	5,439	21,647
Debt service	5	38
Commercial paper	-	393
Right-of-way leases	230	582
Miscellaneous:		
Project related	185	198
Non-project related	-	7
Total revenues	<u>411,247</u>	<u>1,164,036</u>
Expenditures:		
Supplies and services:		
State Board of Equalization (SBOE) fees	3,157	8,930
Professional services:		
Project related	20,778	182,016
Non-project related	3,053	11,323
Administration costs:		
Project related	7,620	27,354
Non-project related :		
Salaries and Benefits	1,852	11,989
Other	3,697	17,508
Other:		
Project related	493	1,214
Non-project related	67	3,566
Payments to local agencies:		
Project related	161,964	388,242
Capital outlay:		
Project related	123,164	353,862
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	6,600	13,010
Interest on long-term debt and commercial paper	22,264	71,971
Total expenditures	<u>354,709</u>	<u>1,091,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,538</u>	<u>73,020</u>
Other financing sources (uses):		
Transfers out:		
Project related	(2,798)	(8,680)
Transfers in:		
Project related	13,355	45,278
Non-project related	7,394	7,394
Bond proceeds	-	358,593
Total other financing sources (uses)	<u>17,951</u>	<u>402,585</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 74,489</u>	<u>\$ 475,605</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2014**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Year Ended June 30, 2014 (actual) (C.1)	Period from Inception through June 30, 2014 (actual) (D.1)	Period from July 1, 2014 through March 31, 2014 (forecast) (E.1)	Total (F.1)
<b>Revenues:</b>				
Sales taxes	\$ 279,587	\$ 857,815	\$ 15,070,292	\$ 15,928,107
Operating interest	4,282	5,809	894,046	899,855
Subtotal	<u>283,869</u>	<u>863,624</u>	<u>15,964,338</u>	<u>16,827,962</u>
Other agencies share of M2 costs	134	134	-	134
Miscellaneous	-	7	-	7
Total revenues	<u>284,003</u>	<u>863,765</u>	<u>15,964,338</u>	<u>16,828,103</u>
<b>Administrative expenditures:</b>				
SBOE fees	3,157	8,930	226,145	235,075
Professional services	2,740	7,761	101,465	109,226
Administration costs :				
Salaries and Benefits	1,852	11,989	150,679	162,668
Other	3,697	17,508	212,481	229,989
Other	67	3,566	25,854	29,420
Capital outlay	-	31	-	31
Environmental cleanup	2,399	6,342	301,406	307,748
Total expenditures	<u>13,912</u>	<u>56,127</u>	<u>1,018,030</u>	<u>1,074,157</u>
Net revenues	<u>\$ 270,091</u>	<u>\$ 807,638</u>	<u>\$ 14,946,308</u>	<u>\$ 15,753,946</u>
	(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>				
Proceeds from issuance of bonds	\$ -	\$ 358,593	\$ 1,450,000	\$ 1,808,593
Interest revenue from bond proceeds	5,439	21,647	25,760	47,407
Interest revenue from debt service funds	5	38	55	93
Interest revenue from commercial paper	-	393	-	393
Total bond revenues	<u>5,444</u>	<u>380,671</u>	<u>1,475,815</u>	<u>1,856,486</u>
<b>Financing expenditures and uses:</b>				
Professional services	313	3,562	12,340	15,902
Bond debt principal	6,600	13,010	1,795,540	1,808,550
Bond debt and other interest expense	22,264	71,971	1,439,032	1,511,003
Total financing expenditures and uses	<u>29,177</u>	<u>88,543</u>	<u>3,246,912</u>	<u>3,335,455</u>
Net bond revenues (debt service)	<u>\$ (23,733)</u>	<u>\$ 292,128</u>	<u>\$ (1,771,097)</u>	<u>\$ (1,478,969)</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2014**  
**(Unaudited)**

Description (G)	Net Revenues Program to Date Actual (H)	Total Net Revenues (I)	M2 Project Budget (J)	Variance Total Net Revenues to M2 Project Budget (K)	Expenditures through June 30, 2014 (L)	Reimbursements through June 30, 2014 (M)	Net Project Cost (N)	Percent of Budget Expended (O)
<i>(\$ in thousands)</i>								
<b>Freeways (43% of Net Revenues)</b>								
I-5 Santa Ana Freeway Interchange Improvements \$	31,833	\$ 620,944	\$ 620,010	\$ 934	\$ 1,909	\$ -	\$ 1,909	0.3%
I-5 Santa Ana/San Diego Freeway Improvements	80,274	1,565,835	1,343,949	221,886	41,823	10,896	30,927	2.3%
SR-22 Garden Grove Freeway Access Improvements	8,128	158,539	158,539	-	4	-	4	0.0%
SR-55 Costa Mesa Freeway Improvements	24,789	483,543	480,019	3,524	6,400	13	6,387	1.3%
SR-57 Orange Freeway Improvements	17,522	341,783	320,574	21,209	40,254	9,961	30,293	9.4%
SR-91 Riverside Freeway Improvements	61,546	1,200,535	1,188,798	11,737	31,590	6,304	25,286	2.1%
I-405 San Diego Freeway Improvements	94,314	1,839,711	933,023	906,688	21,509	953	20,556	2.2%
I-605 Freeway Access Improvements	1,355	26,423	26,423	-	357	-	357	1.4%
All Freeway Service Patrol	10,160	198,174	198,174	-	63	-	63	0.0%
Freeway Mitigation	17,364	338,710	311,619	27,091	39,076	1,549	37,527	12.0%
Subtotal Projects	347,285	6,774,197	5,581,128	1,193,069	182,985	29,676	153,309	
Net (Bond Revenue)/Debt Service	-	-	1,193,069	(1,193,069)	18,807	-	18,807	
<b>Total Freeways</b>	<b>\$ 347,285</b>	<b>\$ 6,774,197</b>	<b>\$ 6,774,197</b>	<b>\$ -</b>	<b>\$ 201,792</b>	<b>\$ 29,676</b>	<b>\$ 172,116</b>	
<b>%</b>							<b>25.1%</b>	
<b>Street and Roads Projects (32% of Net Revenues)</b>								
Regional Capacity Program	\$ 80,765	\$ 1,575,415	\$ 1,465,318	\$ 110,097	\$ 382,783	\$ 170,830	\$ 211,953	14.5%
Regional Traffic Signal Synchronization Program	32,304	630,138	629,858	280	9,913	1,012	8,901	1.4%
Local Fair Share Program	145,375	2,835,710	2,835,710	-	136,339	-	136,339	4.8%
Subtotal Projects	258,444	5,041,263	4,930,886	110,377	529,035	171,842	357,193	
Net (Bond Revenue)/Debt Service	-	-	110,377	(110,377)	21,891	-	21,891	
<b>Total Street and Roads Projects</b>	<b>\$ 258,444</b>	<b>\$ 5,041,263</b>	<b>\$ 5,041,263</b>	<b>\$ -</b>	<b>\$ 550,926</b>	<b>\$ 171,842</b>	<b>\$ 379,084</b>	
<b>%</b>							<b>55.3%</b>	

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2014**  
**(Unaudited)**

Description (G)	Net Revenues Program to Date Actual (H)	Total Net Revenues (I)	M2 Project Budget (J)	Variance Total Net Revenues to M2 Project Budget (K)	Expenditures through June 30, 2014 (L)	Reimbursements through June 30, 2014 (M)	Net Project Cost (N)	Percent of Budget Expended (O)
<i>(\$ in thousands)</i>								
<b>Transit Projects (25% of Net Revenues)</b>								
High Frequency Metrolink Service	\$ 72,301	\$ 1,410,316	\$ 1,359,550	\$ 50,766	\$ 149,178	\$ 74,754	\$ 74,424	5.5%
Transit Extensions to Metrolink	71,296	1,390,709	1,309,342	81,367	1,669	737	932	0.1%
Metrolink Gateways	16,156	315,135	271,852	43,283	68,972	46,258	22,714	8.4%
Expand Mobility Choices for Seniors and Persons with Disabilities	24,226	472,563	472,563	-	22,639	16	22,623	4.8%
Community Based Transit/Circulators	16,148	314,995	314,995	-	508	11	497	0.2%
Safe Transit Stops	1,782	34,768	34,768	-	40	-	40	0.1%
Subtotal Projects	201,909	3,938,486	3,763,070	175,416	243,006	121,776	121,230	
Net (Bond Revenue)/Debt Service	-	-	175,416	(175,416)	12,736	-	12,736	
<b>Total Transit Projects</b>	<b>\$ 201,909</b>	<b>\$ 3,938,486</b>	<b>\$ 3,938,486</b>	<b>\$ -</b>	<b>\$ 255,742</b>	<b>\$ 121,776</b>	<b>\$ 133,966</b>	
<b>%</b>							<b>19.6%</b>	
<b>Measure M2 Program</b>	<b>\$ 807,638</b>	<b>\$ 15,753,946</b>	<b>\$ 15,753,946</b>	<b>\$ -</b>	<b>\$ 1,008,460</b>	<b>\$ 323,294</b>	<b>\$ 685,166</b>	

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2014**  
**(Unaudited)**

Description (G) (\$ in thousands)	Revenues Program to Date Actual (H.1)	Total Revenues (I.1)	M2 Project Budget (J)	Variance Total Net Revenues to M2 Project Budget (K)	Expenditures through June 30, 2014 (L)	Reimbursements through June 30, 2014 (M)	Net Project Cost (N)	Percent of Budget Expended (O)
<b>Environmental Cleanup (2% of Revenues)</b>								
Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 17,272	\$ 336,559	\$ 336,559	\$ 107	\$ 6,342	\$ 177	\$ 6,165	1.8%
Net (Bond Revenue)/Debt Service	-	-	107	(107)	21	-	21	
<b>Total Environmental Cleanup</b> %	<b>\$ 17,272</b>	<b>\$ 336,559</b>	<b>\$ 336,666</b>	<b>\$ -</b>	<b>\$ 6,363</b>	<b>\$ 177</b>	<b>\$ 6,186</b>	<b>0.7%</b>
<b>Taxpayer Safeguards and Audits</b>								
Collect Sales Taxes (1.5% of Sales Taxes) %	\$ 12,867	\$ 238,922	\$ 238,922	\$ -	\$ 8,930	\$ -	\$ 8,930	3.7%
Oversight and Annual Audits (1% of Revenues) %	\$ 8,636	\$ 168,280	\$ 168,280	\$ -	\$ 11,989	\$ 3,353	\$ 8,636	5.1%

See Notes to Measure M2 Status Report (Unaudited)

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2014

### Measure M2 Summary

In November 1990, Orange County voters approved the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M (M1). This implemented a one-half of one percent retail transaction and use tax to fund a specific program of transportation improvements in Orange County. On November 7, 2006 (inception), Orange County voters approved the renewal of Measure M, known as Renewed Measure M (M2) for a period of 30 more years from April 1, 2011 to March 31, 2041. In August 2007, the Orange County Local Transportation Authority Board of Directors approved the M2 Early Action Plan to advance the completion of projects prior to the start of sales tax collection in April 2011. A Plan of Finance was adopted in November 2007 identifying a tax-exempt commercial paper program as the preferred method of funding Early Action Plan projects.

The Orange County Local Transportation Authority (OCLTA) is responsible for administering the proceeds of the M1 sales tax program, which commenced on April 1, 1991 for a period of 20 years, and the M2 sales tax program, which commenced on April 1, 2011 for a period of 30 years. This report includes only the activities of M2 and is not intended to present the activities of M1. Under M2, funds are required to be distributed to freeways, streets and roads projects, transit projects and environmental cleanup.

Demonstrating accountability for the receipt and expenditure of M2 funds is accomplished through the issuance of annual reports on M2 activities. The reports for M2 activities through June 30, 2014 are included as Schedules 1-3. The following is a summary of the purpose, format and content of each schedule. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Schedule 1—Schedule of Revenues, Expenditures and Changes in Fund Balance

This schedule presents a summary of revenues, expenditures and changes in fund balance of the combined M2 special revenue and debt service funds. Such financial information is derived from the trial balance with additional detailed information from the underlying accounting records. The schedule is presented for the latest fiscal year and for the period from inception through the latest fiscal year.

#### Year to Date June 30, 2014 (Column A)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the fiscal year ended June 30, 2014. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are derived from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained from the general ledger.

The net change in fund balance of \$74,489 agrees with the combined change in fund balances of \$81,460 in the M2 special revenue fund and (\$6,971) in the M2 debt service fund in the trial balance for the year ended June 30, 2014.

Non-project related revenues, expenditures, and other financing sources (uses) are included in the net revenues and net bond revenues (debt service) calculations in Schedule 2.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2014

### Period from Inception through June 30, 2014 (Column B)

This column presents the revenues, expenditures, and other financing sources (uses) of the combined M2 special revenue and debt service funds for the period from inception through June 30, 2014. Amounts for individual revenue sources, expenditures by major object, and other financing sources (uses) are summarized from the trial balance, while detailed amounts for certain revenue sources and expenditures by major object are obtained and summarized from the general ledger.

The net fund balance of \$475,605 agrees with the combined ending fund balances of \$463,602 in the M2 special revenue fund and \$12,003 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2014.

Non-project related revenues, expenditures, and other financing sources (uses) are included in the net revenues and net bond revenues (debt service) calculations in Schedule 2. Project related revenues and other financing sources are presented as "Reimbursements" (Column M) in Schedule 3. Project related expenditures and other financing uses are included as "Expenditures" (Column L) in Schedule 3.

### **Schedule 2—Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**

This schedule presents calculations of net revenues and of net bond revenues (debt service), which are allocated in Schedule 3 to transportation projects specified in the Orange County Transportation Investment Plan (Investment Plan). Actual revenues, expenditures, and other financing sources (uses) in this schedule were obtained from non-project related amounts on Schedule 1. Environmental cleanup expenditures were obtained from the project job ledger. Forecast amounts were obtained from the Orange County Transportation Authority Forecast Model. The schedule is presented for the latest fiscal year, for the period from inception through the latest fiscal year, for subsequent years going forward, and for the combined total of actual and forecast amounts for the period from inception going forward.

### Calculation of Net Revenues

#### Year Ended June 30, 2014 (actual) (Column C.1)

This column presents net revenues, consisting of total revenues less total administrative expenditures, capital outlay, and environmental cleanup, for year ended June 30, 2014. Revenues, administrative expenditures, and capital outlay for the year ended June 30, 2014 were obtained from Column A in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, and other agencies' share of M2 costs. Administrative expenditures include State Board of Equalization (SBOE) fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

**Notes to Measure M2 Status Report (Unaudited)**

Year Ended June 30, 2014

Period from Inception through June 30, 2014 (actual) (Column D.1)

This column presents net revenues, consisting of total cumulative revenues less total cumulative administrative expenditures, capital outlay, and environmental cleanup, for the period from inception through June 30, 2014. Revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2014 were obtained from Column B in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Total net revenues for the period from inception through June 30, 2014 are presented in Schedule 3 as "Net Revenues Program to Date Actual" (Column H). Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, other agencies' share of M2 costs, and miscellaneous revenue. Administrative expenditures include SBOE fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from July 1, 2014 through March 31, 2041 (forecast) (Column E.1)

This column presents net revenues, consisting of total projected revenues less total projected administrative expenditures and environmental cleanup expenditures, for subsequent years from July 1, 2014 through March 31, 2041. Revenues and administrative expenditures for subsequent years from July 1, 2014 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model, which is updated quarterly. Revenues and administrative expenditures utilized in the calculation of net revenues for subsequent years from July 1, 2014 through March 31, 2041 are non-project and non-financing related. Revenues consist of projected sales taxes and operating interest. Administrative expenditures consist of projected SBOE fees, professional services, administration costs, and other expenditures.

Total (Column F.1)

This column presents total net revenues, calculated as the sum of columns D.1 and E.1. Total net revenues are presented in Schedule 3 as "Total Net Revenues" (Column I).

Calculation of Net Bond Revenues (Debt Service)

Year Ended June 30, 2014 (actual) (Column C.2)

This column presents net bond revenues (debt service), consisting of total bond revenues less total financing expenditures and uses, for year ended June 30, 2014. Bond revenues and financing expenditures and uses for the year ended June 30, 2014 were obtained from Column A in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2014

### Period from Inception through June 30, 2014 (actual) (Column D.2)

This column presents net bond revenues (debt service), consisting of total cumulative bond revenues less total cumulative financing expenditures and uses, for the period from inception through June 30, 2014. Bond revenues and financing expenditures and uses for the period from inception through June 30, 2014 were obtained from Column B in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds, debt service funds, and commercial paper. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

### Period from July 1, 2014 through March 31, 2041 (forecast) (Column E.2)

This column presents bond revenues (debt service), consisting of total projected bond revenues less total projected financing expenditures and uses, for subsequent years from July 1, 2014 through March 31, 2041. Bond revenues and financing expenditures and uses for subsequent years from July 1, 2014 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of bond debt principal and bond debt and other interest expense.

### Total (Column F.2)

This column presents total net bond revenues (debt service), calculated as the sum of columns D.2 and E.2. The total net bond revenues (debt service) are presented in Schedule 3 as "M2 Project Budget" (Column J). Net bond revenues (debt service) are allocated to each mode in Schedule 3 based on bond and commercial paper proceeds used, and projected to be used, to fund the projects.

### **Schedule 3—Schedule of Revenues and Expenditures Summary**

This schedule presents a summary of actual and projected revenues and expenditures, by mode and project description, as specified in the Investment Plan. Total M2 program amounts agree with amounts on Schedules 1 and 2. Amounts by mode and project description are based on proportionate calculations or are obtained from other documents.

### Project Description (Column G)

This column presents project descriptions by mode in accordance with the Investment Plan.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

**Notes to Measure M2 Status Report (Unaudited)**

Year Ended June 30, 2014

Net Revenues Program to Date Actual (Column H)

This column presents total M2 program net revenues for the period from inception through June 30, 2014, which agrees with net revenues in Column D.1 in Schedule 2. Such net revenues are allocated to each of the three modes based on the allocation percentages specified in M2. The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

Total Net Revenues (Column I)

This column presents total actual and projected net revenues (total net revenues) during the life of M2, which agree with total net revenues in Column F.1 in Schedule 2. Such total net revenues are allocated to each of the three modes based on the allocations specified in M2. The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

M2 Project Budget (Column J)

In accordance with M2, bond financing authority was approved as an alternative to the "pay as you go" financing method. As a result, certain freeways, street and roads, and transit mode projects are being accelerated using bond financing, while other projects are funded on the "pay as you go" financing method. Total project budget for each "pay as you go" project are based on the total net revenues presented in Column I. Total project budget for projects accelerated using bond financing are based on the total net revenues presented in Column I, less net (bond revenue)/debt service costs. The total net (bond revenue)/debt service project budget agrees with the total amount from Column F.2 in Schedule 2. Net (bond revenue)/debt service is allocated to each mode in Schedule 3 based on bond and commercial paper proceeds used, and projected to be used, to fund the projects.

Variance Total Net Revenues to M2 Project Budget (Column K)

This is a calculation of Column I minus Column J.

Expenditures through June 30, 2014 (Column L)

This column presents total expenditures plus net (bond revenue)/debt service. Total expenditures, excluding oversight and annual audit expenditures, agree with the sum of project related expenditures, SBOE fees and transfers out from Column B in Schedule 1. Oversight and annual audit expenditures agree with the administrative costs for salaries and benefits derived from the annual cost allocation plan. Total net (bond revenue)/debt service agrees with the total net bond revenue (debt service) expenditures from Column D.2 in Schedule 2. Project related expenditures are comprised of professional services, administration costs, other expenditures, payments to local agencies, capital outlay and transfers out. Such expenditures are distributed to the projects based on project amounts accumulated in the project job ledger.

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2014

### Reimbursements through June 30, 2014 (Column M)

This column presents total reimbursements for the period from inception through June 30, 2014, which agrees with the sum of project related revenues from Column B in Schedule 1. Project related revenues consist of other agencies' share of Measure M2 costs, right-of-way leases, transfers in and miscellaneous revenue. Such revenues are distributed to the related projects based on project amounts accumulated in the project job ledger. Reimbursements for oversight and annual audits agree with the principal balance of the amount advanced from the Orange County Unified Transportation Trust (OCUTT) to cover administrative costs for salaries and benefits exceeding more than one percent of revenues.

### Net Project Cost (Column N)

Net project cost is a calculation of Column L minus Column M. For each mode, a percentage is calculated as the net project cost per mode divided by the total M2 Program net project cost. Such percentage can be compared to the required percentage included in M2 as an indication of the progress to date for each mode.

### Percent of Budget Expended (Column O)

Percent of budget expended is a calculation of Column N divided by Column J.

### Revenues Program to Date Actual (Column H.1)

The total environmental cleanup revenue for the period from inception through June 30, 2014, represents two percent (2%) of revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total oversight and annual audits revenues for the period from inception through June 30, 2014, represent one percent (1%) of the revenues (sales taxes and operating interest) in Column D.1 in Schedule 2. The total collect sales taxes revenue for the period from inception through June 30, 2014, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.

### Total Revenues (Column I.1)

The total environmental cleanup actual and projected revenues during the life of M2 represent 2% of revenues (sales taxes and operating interest) found in Column F.1 in Schedule 2. The total collect sales taxes actual and projected revenues during the 30-year life of M2 represent 1.5% of sales tax revenues found in Column F.1 in Schedule 2. The total oversight and annual audits actual and projected revenues during the 30-year life of M2 represent 1% of revenues (sales taxes and operating interest) found in Column F.1 in Schedule 2.