

**MEASURE M
COC/TOC AUDIT SUBCOMMITTEE MEETING
AGENDA**

Tuesday, December 14, 2010
5:00 p.m. – 6:00 p.m.

Orange County Transportation Authority
600 S. Main Street, Orange, CA
Conference Room 506

Conference room is directly in front of the elevator on the 5th floor.

1. Review and approve minutes from October 19, 2010
2. Quarterly Measure M Revenue and Expenditure Report *Kenneth Phipps*
3. Measure M Closeout *Kia Mortazavi*
4. Measure M2 Expenditure Report *Monica Salazar*
5. Annual Financial Audit Update *Janet Sutter*
6. Fiscal Year 2010-11 Internal Audit Plan *Kathleen O'Connell*
7. Other Matters
8. Public Comments*

The Agenda listings are intended to give notice to members of the public of items of business to be transacted or discussed. The Audit Subcommittee may take any action which it deems appropriate on an agenda item.

*Public Comments: At this time, members of the public may address the Audit Subcommittee regarding any items within the subject matter jurisdiction of the Subcommittee provided that NO action may be taken off-agenda items unless authorized by law. Comments shall be limited to five (5) minutes per person and 20 minutes for all comments, unless different time limits are set by the Chairman, subject to the approval of the Subcommittee.

**MEASURE M
COC/TOC AUDIT SUBCOMMITTEE MEETING
Minutes**

Orange County Transportation Authority
550 S. Main Street, 600 Building
Orange, CA
Conference Room 506
Tuesday, October 19, 2010
4:45 p.m. – 6:00 p.m.

- COC/TOC members present: Jim Kelly, Howard Mirowitz, David Sundstrom, Anh-Tuan Le, John Stammen
- OCTA staff present: Kenneth Phipps, Kathleen O'Connell, Janet Sutter, Alice Rogan, Kia Mortazavi, Ellen Burton, Kim Bowman, Monica Salizar
- Orange County Business Council: Stan Oftelie, Wallace Walrod

Meeting was called to order at: 4:56pm.

Review and approve minutes from June 15, 2010: Minutes from the June meeting were approved.

Measure M2 Triennial Assessment Draft Findings: Alice Rogan, Community Relations Officer, introduced Mr. Stan Oftelie and Dr. Wallace Walrod from the Orange County Business Council (OCBC), the firm selected to conduct the triennial performance assessment of Measure M2. Dr. Walrod expressed his thanks to OCTA staff for their assistance with interview participation and providing documentation for the assessment. Dr. Walrod next offered his suggestion that the timing of the subsequent assessment be scheduled closer to the end date of the assessment period, rather than later, as the current assessment began almost one year after the end date of the assessment period. Subcommittee members were provided with a summary of findings from the draft report of the triennial assessment. Dr. Walrod and Mr. Oftelie reviewed tasks and findings with the Subcommittee with discussion ensuing. Subcommittee Chair David Sundstrom thanked Mr. Oftelie and Dr. Walrod for their work on the assessment. The final report of the triennial performance assessment will be presented to the full Taxpayers Oversight Committee in December.

Quarterly Measure M Revenue and Expenditure Report: Due to time constraints, Kenneth Phipps, Executive Director of Finance and Administration, will present this report at the full COC/TOC meeting at 6pm.

Sales Tax Forecast: Due to time constraints, Kenneth Phipps will present this report at the full COC/TOC meeting at 6pm.

Measure M2 Expenditure Report: Monica Salazar, Transportation Analyst, presented a sample template of the Measure M2 Expenditure Report modeled after a report that is submitted to the State Controller's Office every year. Monica asked that Subcommittee members review the template and provide comments for finalization of the template. David requested this item be revisited and placed on the next Subcommittee meeting agenda.

Annual Financial Audit Update: Kathleen O'Connell, Executive Director of Internal Audit, informed the Subcommittee that the annual audit was almost complete; final reports will be ready for presentation to the Subcommittee in February.

Fiscal Year 2010-11 Internal Audit Plan: Due to time constraints this item will be moved to the next Subcommittee meeting agenda.

Other Matters: None

Public Comments: None

Meeting Adjourned at: 6:10 p.m.

Next meeting scheduled for December 14, 2010, 5:00 p.m. CR 506.

Measure M
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of September 30, 2010

(\$ in thousands)	Quarter Ended Sept 30, 2010	Year to Date Sept 30, 2010 (A)	Period from Inception to Sept 30, 2010 (B)
Revenues:			
Sales taxes	\$ 47,765	\$ 47,765	\$ 3,876,568
Other agencies share of Measure M costs			
Project related	6,199	6,199	412,987
Non-project related	-	-	614
Interest:			
Operating:			
Project related	-	-	1,052
Non-project related	2,039	2,039	258,272
Bond proceeds	-	-	136,067
Debt service	472	472	82,101
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	1,814	1,814	160,062
Right-of-way leases	97	97	5,243
Proceeds on sale of assets held for resale	-	-	24,575
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	775
Total revenues	58,386	58,386	5,006,682
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	681	681	54,964
Professional services:			
Project related	91	91	189,343
Non-project related	83	83	32,230
Administration costs:			
Project related	410	410	19,818
Non-project related	1,691	1,691	85,499
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	23	23	1,551
Non-project related	96	96	15,831
Payments to local agencies:			
Turnback	4,687	4,687	567,132
Other	2,690	2,690	710,603
Capital outlay	2,417	2,417	2,019,145
Debt service:			
Principal payments on long-term debt	-	-	921,160
Interest on long-term debt and commercial paper	2,316	2,316	559,239
Total expenditures	15,185	15,185	5,255,133
Excess (deficiency) of revenues over (under) expenditures	43,201	43,201	(248,451)
Other financing sources (uses):			
Transfers out:			
Project related	(1,000)	(1,000)	(255,664)
Non-project related	-	-	(5,116)
Transfers in project related	-	-	1,829
Bond proceeds	-	-	1,169,999
Advance refunding escrow	-	-	(931)
Payment to refunded bond escrow agent	-	-	(152,930)
Total other financing sources (uses)	(1,000)	(1,000)	757,187
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 42,201	\$ 42,201	\$ 508,736

See accompanying notes to Measure M Schedules

Measure M
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of September 30, 2010

(\$ in thousands)	Quarter Ended Sept 30, 2010 (actual)	Year Ended Sept 30, 2010 (actual)	Period from Inception through Sept 30, 2010 (actual)	Period from October 1, 2010 through March 31, 2011 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
Tax revenues:					
Sales taxes	\$ 47,765	\$ 47,765	\$ 3,876,568	\$ 126,153	\$ 4,002,721
Other agencies share of Measure M costs	-	-	614	-	614
Operating interest	2,039	2,039	258,272	4,886	263,158
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	775	-	775
Total tax revenues	49,804	49,804	4,156,912	131,039	4,287,951
Administrative expenditures:					
SBOE fees	681	681	54,964	1,173	56,137
Professional services, non-project related	83	83	23,369	1,194	24,563
Administration costs, non-project related	1,691	1,691	85,499	3,959	89,458
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	96	96	6,731	933	7,664
	2,551	2,551	205,471	7,259	212,730
Net tax revenues	\$ 47,253	\$ 47,253	\$ 3,951,441	\$ 123,780	\$ 4,075,221
	(C.2)	(D.2)	(E.2)	(F.2)	
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 1,169,999	\$ -	\$ 1,169,999
Interest revenue from bond proceeds	-	-	136,067	-	136,067
Interest revenue from debt service funds	472	472	82,101	2,695	84,796
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	472	472	1,415,824	2,695	1,418,519
Financing expenditures and uses:					
Professional services, non-project related	-	-	8,861	-	8,861
Payment to refunded bond escrow	-	-	153,861	-	153,861
Bond debt principal	-	-	921,160	82,795	1,003,955
Bond debt interest expense	2,316	2,316	559,239	2,573	561,812
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,100	-	9,100
Total financing expenditures and uses	2,316	2,316	1,701,047	85,368	1,786,415
Net bond revenues (debt service)	\$ (1,844)	\$ (1,844)	\$ (285,223)	\$ (82,673)	\$ (367,896)

See accompanying notes to Measure M Schedules

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2010

Project Description (C)	Net Tax Revenues Program to date (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2010 (N)	Reimbursements through Sept 30, 2010 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
(\$ in thousands)										
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 952,789	\$ 982,635	\$ 810,010	\$ 800,650	\$ 181,985	\$ 9,360	\$ 858,739	\$ 85,545	\$ 773,194	95.5%
I-5 between I-5/I-405 Interchange and San Clemente	66,682	68,771	57,836	59,936	8,835	(2,100)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	84,635	87,287	72,802	73,075	14,712	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Casta Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	56,424	58,191	44,511	50,225	7,966	(5,714)	55,366	6,172	49,194	110.5%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	28,212	29,096	24,128	22,759	6,337	1,369	25,617	2,859	22,758	94.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	121,824	125,640	116,136	105,389	20,251	10,747	123,995	18,606	105,389	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St	388,553	400,725	303,297	302,934	97,791	363	618,430	321,386	297,044	97.9%
Subtotal Projects	1,699,119	1,752,345	1,428,720	1,414,968	337,377	13,752	1,850,598	470,008	1,380,590	
Net (Bond Revenue)/Debt Service			309,585	309,585	(309,585)	-	240,015		240,015	
Total Freeways	\$ 1,699,119	\$ 1,752,345	\$ 1,738,305	\$ 1,724,553	\$ 21,792	\$ 13,752	\$ 2,090,613	\$ 470,008	\$ 1,620,605	47.1%
%										
Regional Street and Road Projects (11%)										
Smart Streets	\$ 149,026	\$ 153,694	\$ 151,303	\$ 151,303	\$ 2,391	\$ -	\$ 174,733	\$ 11,739	\$ 162,994	107.7%
Regionally Significant Interchanges	86,932	89,655	89,655	89,655	-	-	63,900	146	63,754	71.1%
Intersection Improvement Program	124,188	128,078	128,078	128,078	-	-	91,817	214	91,603	71.5%
Traffic Signal Coordination	67,094	64,039	64,039	64,039	-	-	54,044	1,247	52,797	82.4%
Transportation Systems Management and Transportation Demand Management	12,419	12,808	12,808	12,808	-	-	7,740	149	7,591	59.3%
Subtotal Projects	434,659	448,274	445,883	445,883	2,391	-	392,234	13,495	378,739	
Net (Bond Revenue)/Debt Service			2,391	2,391	(2,391)	-	1,854		1,854	
Total Regional Street and Road Projects	\$ 434,659	\$ 448,274	\$ 448,274	\$ 448,274	\$ -	\$ -	\$ 394,088	\$ 13,495	\$ 380,593	11.1%
%										

Measure M
Schedule of Revenues and Expenditures Summary
as of September 30, 2010

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Variance Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Sept 30, 2010 (N)	Reimbursements through Sept 30, 2010 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
Master Plan of Aerial Highway Improvements	\$ 155,324	\$ 163,322	\$ 163,322	\$ 163,322	\$ -	\$ -	\$ 109,777	\$ 99	\$ 109,678	67.2%
Streets and Roads Maintenance and Road Improvements	574,479	592,474	592,474	592,474	-	-	567,148	-	567,148	95.7%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	82,722	431	82,291	82.3%
Subtotal Projects	829,803	855,796	855,796	855,796	-	-	759,647	530	759,117	
Net (Bond Revenue)/Debt Service										
Total Local Street and Road Projects	\$ 829,803	\$ 855,796	\$ 855,796	\$ 855,796	\$ -	\$ -	\$ 759,647	\$ 530	\$ 759,117	
%				21.1%					22.1%	
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 19,120	\$ 19,719	\$ 15,000	\$ 14,000	\$ 5,719	\$ 1,000	\$ 16,753	\$ 2,895	\$ 13,858	92.4%
Commuter Rail	356,024	367,804	352,790	391,592	(23,788)	(18,802)	351,437	60,805	290,632	82.4%
High-Technology Advanced Rail Transit	433,384	446,960	428,715	410,688	36,272	18,027	209,936	21,276	188,660	44.0%
Elderly and Handicapped Fare Subsidization	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000	100.0%
Transitways	159,332	164,323	146,381	126,606	37,717	19,775	162,651	36,765	125,886	86.0%
Subtotal Projects	987,860	1,018,806	962,886	962,886	55,920	-	760,777	121,741	639,036	
Net (Bond Revenue)/Debt Service			55,920	55,920	(55,920)	-	43,354		43,354	
Total Transit Projects	\$ 987,860	\$ 1,018,806	\$ 1,018,806	\$ 1,018,806	\$ -	\$ -	\$ 804,131	\$ 121,741	\$ 682,390	
%				25.2%					19.8%	
Total Measure M Program	\$ 3,951,441	\$ 4,075,221	\$ 4,061,181	\$ 4,047,429	\$ 27,792	\$ 13,752	\$ 4,048,479	\$ 605,774	\$ 3,442,705	

See accompanying notes to Measure M Schedules

Draft Measure M Close Out Framework

1. Policies and Procedures

- a. Updated Revenues
- b. Updated Estimate at Completion
- c. Program close out approach
- d. Financial close out process
- e. Timeframes

2. Communications Plan

- a. Program objectives and accomplishments
- b. Final Report
- c. Ceremonial Events

3. Accounting/Contract Closures

4. Administrative Closure

5. Post Implementation Report(s) (if appropriate)

Measure M2 Expenditure Report
Schedule 1: Summary Statement of Beginning and Ending Balances

Lines 1 – 7: Balances at Beginning of Fiscal Year

Report all fund balances intended for transportation purposes at the beginning of the fiscal year. These balances should be classified by funding source (e.g. M2 Fairshare, M2 Competitive, and Transit). To provide for continuity of reporting, the beginning balances of any restricted funds must be in agreement with the ending balances of such funds as shown in the prior year's report.

Line 8: Balances at Beginning of Fiscal Year - TOTAL

Sum Lines 1 – 7

Line 9: Monies Made Available During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 8

Line 10: Total Monies Available

Sum Lines 8-9

Line 11: Expenditures During Fiscal Year

Report total available monies (revenues) from Schedule 2, Line 16

Lines 12-18: Balances at End of Fiscal Year

Report by funding source all fund balances for transportation purposes at the end of the fiscal year. To provide for continuity of reporting, the beginning balances of the fund sources in next year's report must be in agreement with the ending balances of such funds as shown in this year's report (or otherwise reconciled).

M2 Expenditure Report
Fiscal Year Ended June 30, 20__
Beginning and Ending Balances

Description	Line No.	Amount
Balances at Beginning of Fiscal Year		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	
Other M2 Interest	6	
Other*	7	
Balances at Beginning of Fiscal Year (Sum Lines 1 to 7)	8	\$ -
Monies Made Available During Fiscal Year	9	
Total Monies Available (Sum Lines 8 & 9)	10	\$ -
Expenditures During Fiscal Year	11	
Balances at End of Fiscal Year		
M2 Fairshare	12	
M2 Fairshare Interest	13	
M2 CTFP	14	
M2 CTFP Interest	15	
Other M2 Funding	16	
Other M2 Interest	17	
Other*	18	

* Please provide a specific description

Measure M2 Expenditure Report
Schedule 2: Summary Statement of Sources and Uses

Lines 1-7: Report the following revenue sources on the appropriate line.

- **M2 Fairshare**
- **M2 Fairshare Interest**
- **M2 CTFP – Comprehensive Transportation Funding Program**
- **M2 CTFP Interest - Comprehensive Transportation Funding Program**
- **Other M2 – Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High Speed Rail**
- **Other M2 Interest - Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High Speed Rail**
- **Other – Please provide description for other categories**

Line 8: Total Revenues

Sum Lines 1-7 (Should match Total in Schedule 1, Line 9)

Lines 9-15: Report the following expenditures on the appropriate line.

- **M2 Fairshare**
- **M2 Fairshare Interest**
- **M2 CTFP – Comprehensive Transportation Funding Program**
- **M2 CTFP Interest - Comprehensive Transportation Funding Program**
- **Other M2 – Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High Speed Rail**
- **Other M2 Interest - Includes Go Local, Senior Mobility Program, Transit, Water Quality, Grade Separation, Regional Gateways to High Speed Rail**
- **Other – Please provide description for other categories**

Line 16: Total Expenditures

Sum Lines 9-15 (Should match Total in Schedule 1, Line 11)

Line 17: Total Balance

Subtract Line 16 from Line 8

M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Sources and Uses

Description	Line No.	Amount
Revenues:		
M2 Fairshare	1	
M2 Fairshare Interest	2	
M2 CTFP	3	
M2 CTFP Interest	4	
Other M2 Funding	5	
Other M2 Interest	6	
Other*	7	
TOTAL REVENUES (Sum lines 1 to 7)	8	\$ -
Expenditures:		
M2 Fairshare	9	
M2 Fairshare Interest	10	
M2 CTFP	11	
M2 CTFP Interest	12	
Other M2 Funding	13	
Other M2 Interest	14	
Other*	15	
TOTAL EXPENDITURES (Sum lines 9 to 15)	16	\$ -
TOTAL BALANCE (Subtract line 16 from 8)	17	\$ -

* Please provide a specific description

Measure M2 Expenditure Report
Schedule 3: Summary Statement of Detailed Use of Funds

Line 1: Local Agency Staff & Administration

This line covers transportation-purpose local agency staff and administration costs that are not included as direct charges.

- Administration – An equitable share of expenditures for the supervision and management of streets and roads activities not allocated to Right of Way, Construction, or other categories listed below. This includes, but is not limited to the salaries of project management and support staff.

Lines 2-7: Construction

Construction expenditures include the following:

- Projects developing new streets, bridges, lighting facilities, storm drains, etc., in locations that formerly had no such facilities, or projects departing to such an extent from existing alignment and grade that no material salvage value is realized from the old facilities.
- Additions and betterments to the street system and its rights of way, including grade separations and urban extensions.
- Any work that materially increases the service life of the original project.
- Resurfacing to a thickness greater than one inch.
- Resurfacing to a thickness less than one inch if the project has been certified by a lead agency as construction.
- Construction of traffic islands and other traffic safety devices.
- Transit facilities including bus stops, shelters and maintenance facilities.
- Streetscape including original landscaping, tree planting, and similar work.
- Acquisition and installation of street lighting facilities, traffic signals, and/or street signs (only when such signs are installed in connection with developing new streets).
- Planning, environmental, or design related to construction.
- Salaries and expenses of employees in connection with construction.

Line 8: Total Construction

Sum Lines 2-7

Line 9: Right of Way Acquisition

Right of Way expenditures include the following:

- The acquisition of land or interest for use as a right of way in connection with the city's street system; the amount reported should include the cost of acquisition of any improvements situated on the real property at the date of its acquisition by the city.

- The cost of removing, demolishing, moving, resetting, and altering buildings or other structures that obstruct the right of way.
- The court costs of condemnation proceedings.
- Title searches and reports.
- Salaries and expenses of employees and right-of-way agents in connection with the acquisition of rights of way.
- Severance damage to property sustained by reason of the city's street projects.
- All other costs of acquiring rights of way free and clear of all physical obstructions and legal encumbrances.

Line 10: Total Construction and Right of Way

Sum Lines 8-9

Line 11-15: Maintenance / Operations

Maintenance expenditures include the following:

- The preservation and keeping of rights of way, street structures, and facilities in the safe and usable condition, to which they have been improved or constructed, but not reconstruction or other improvements.
- General utility services such as roadside planting, tree trimming, street cleaning, snow removal, and general weed control.
- Repairs or other work necessitated by damage to street structures or facilities resulting from storms, slides, settlements, or other causes unless it has been determined by the city engineer that such work is properly classified as construction.
- Maintenance of traffic signal equipment, coordination and timing on the city streets, as well as the city's share of such expenditures covering traffic signals situated at intersections of city streets and state highways within the incorporated area of the city.
- Salaries and expenses of employees in connection with maintenance and/or operations.

Line 16: Total Maintenance

Sum Lines 11-15

Line 17: Other

Please provide description for other categories. Example: Transit, Senior Mobility Program, Water Quality, transit operations such as vehicle leases and other related operating expenses, etc.

Line 18: Grand Totals

Sum Lines 1, 10, 16, and 17

M2 Expenditure Report
Fiscal Year Ended June 30, 20____
Streets and Roads Detailed Use of Funds

Type of Expenditure	Line No.	*MOE	+ Developer / Impact Fees	M2 Fairshare	M2 Fairshare Interest	M2 CTFP	M2 CTFP Interest	Other M2	Other M2 Interest	Other	TOTAL
Agency Staff & Administration	1										\$ -
Construction & Right of Way	2										\$ -
New Street Construction	3										\$ -
Street Reconstruction	4										\$ -
Signals, Safety Devices, & Street Lights	5										\$ -
Pedestrian Ways & Bikepaths	6										\$ -
Storm Drains	7										\$ -
Storm Damage	8										\$ -
Total Construction	9										\$ -
Right of Way Acquisition	10										\$ -
Total Construction & Right of Way	11										\$ -
Maintenance	12										\$ -
Patching	13										\$ -
Overlay & Sealing	14										\$ -
Street Lights & Traffic Signals	15										\$ -
Storm Damage	16										\$ -
Other Street Purpose Maintenance	17										\$ -
Total Maintenance	18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Other	19										\$ -
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -

* Local funds used to satisfy MOE requirements
+ Transportation related only

Measure M2 Expenditure Report
Schedule 4: Summary Statement of Fairshare Project List

List the project titles and brief description (maximum of two sentences) for all projects that utilized any portion of Renewed Measure M (M2) Local Fairshare Funding. Please include the total amount of Fairshare Funds only that were expended.

PROJECT NAME	AMOUNT EXPENDED

1 and phasing of capital, operations and maintenance of the street routes and traffic signals;
2 and include information on how the street routes and traffic signals may be synchronized
3 with traffic signals on the street routes in adjoining jurisdictions. The Local Traffic Signal
4 Synchronization Plan shall be consistent with the Traffic Signal Synchronization Master
5 Plan.

6
7 7. Pavement Management Plan. Adopt and update biennially a
8 Pavement Management Plan, and issue, using a common format approved by the
9 Authority, a report every two years regarding the status of road pavement conditions and
10 implementation of the Pavement Management Plan.

11 a. Authority, in consultation with the Eligible Jurisdictions,
12 shall define a countywide management method to inventory, analyze and evaluate road
13 pavement conditions, and a common method to measure improvement of road pavement
14 conditions.

15 b. The Pavement Management Plan shall be based on:
16 either the Authority's countywide pavement management method or a comparable
17 management method approved by the Authority, and the Authority's method to measure
18 improvement of road pavement conditions.

19 c. The Pavement Management Plan shall include:

- 20 (i) Current status of pavement on roads;
21 (ii) A six-year plan for road maintenance and
22 rehabilitation, including projects and funding;
23 (iii) The projected road pavement conditions resulting
24 from the maintenance and rehabilitation plan; and
25 (iv) Alternative strategies and costs necessary to
26 improve road pavement conditions.

27 * 8. Expenditure Report. Adopt an annual Expenditure Report to
28 account for Net Revenues, developer/traffic impact fees, and funds expended by the
Eligible Jurisdiction which satisfy the Maintenance of Effort requirements. The Expenditure

Report shall be submitted by the end of six (6) months following the end of the jurisdiction's
fiscal year and include the following:

- a. All Net Revenue fund balances and interest earned.
b. Expenditures identified by type (i.e., capital, operations,
administration, etc.), and program or project.

9. Project Final Report. Provide Authority with a Project Final
Report within six months following completion of a project funded with Net Revenues.

10. Time Limits for Use of Net Revenues.

a. Agree that Net Revenues for Regional Capacity Program
projects and Regional Traffic Signal Synchronization Program projects shall be expended
or encumbered no later than the end of the fiscal year for which the Net Revenues are
programmed. A request for extension of the encumbrance deadline for no more than
twenty-four months may be submitted to the Authority no less than ninety days prior to the
deadline. The Authority may approve one or more requests for extension of the
encumbrance deadline.

b. Agree that Net Revenues allocated for any program or
project, other than a Regional Capacity Program project or a Regional Traffic Signal
Synchronization Program project, shall be expended or encumbered within three years of
receipt. The Authority may grant an extension to the three-year limit, but extensions shall
not be granted beyond a total of five years from the date of the initial funding allocation.

c. In the event the time limits for use of Net Revenues are
not satisfied then any retained Net Revenues that were allocated to an Eligible Jurisdiction
and interest earned thereon shall be returned to the Authority and these Net Revenues and
interest earned thereon shall be available for allocation to any project within the same
source program.

11. Maintenance of Effort. Annual certification that the Maintenance
of Effort requirements of Section 6 of the Ordinance have been satisfied.

12. No Supplanting of Funds. Agree that Net Revenues shall not be

Orange County Transportation Authority
Internal Audit Department
FY 2010-11 Internal Audit Plan

FY 2010-11 Internal Audit Plan								
Audit Activity	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor	
Mandatory External Independent Audits								
Annual Financial Audit	Annual financial and compliance audit for fiscal year 2009-10.	Financial	425	99		In Process		
Annual Transportation Development Act Audits	Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2009-10.	Compliance	125	6		In Process		
Federal Transportation Administration (FTA) Triennial Review	Coordination of FTA triennial review to be conducted August 3 - 5, 2010.	Compliance	60	43		Complete (10/15/10)		
Orange County Council of Governments (OCCOG) Financial Statement Audit	Management of external audit of OCCOG financial statements and ad-hoc audit assistance.	Financial	20	-		In Process		
Internal Audit Projects								
Risk Assessment and Annual Audit Plan	Annual preparation of the audit plan, quarterly updates to the audit plan, periodic assessment of risk throughout the year.	Risk Assessment	125	52		Ongoing		
Quality Assurance and Self-Assessment	Update of Internal Audit Policies & Procedures. Annual self assessment of Internal Audit's compliance with Government Auditing Standards.	Quality Assurance	80	35		Ongoing		
Fraud Hotline	Investigations of reports of fraud, waste, or abuse.	Fraud Hotline	80	51		Ongoing		
Internal Audits								
Human Resources and Organizational Development								
Safety Monitoring	Completion of review of implementation of American Public Transportation Association (APTA) Safety Review recommendations.	Internal Controls	20	33		Complete (8/19/10)		
Capital Projects								
Grade Separation Projects	Review of contracts for design and preliminary engineering for the Orangethorpe Corridor Railroad Grade Separations. Project Budget is \$575 million and is funded through Measure M2, federal, state, and Proposition 1B Trade Corridors Improvement Fund(s).	Compliance	350	-				

Orange County Transportation Authority
Internal Audit Department
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Audit Activity	Description	Planned		Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor
		Primary Audit Type	Staff Hours				
Interstate 5 Gateway Contracts	Completion of review of a sample of contracts and payments to contractors for the Interstate 5 Gateway Project. Project budget is \$335 million funded through Measure M and Measure M2	Compliance	40	29		Complete (10/15/10)	Wang Accountancy Corp.
Contract Retention	Review of policies, procedures, and practices for the retention and release.	Compliance	175	-			
State Route 57 Improvements	Review of contracts for design and preliminary engineering for the State Route 57 improvements.	Compliance	300	-			
Real Estate and Right-of-Way Administration	Review of right-of-way and other real estate operations and contracts.	Operational	225	250		In Process	
Metrolink Cost Sharing	Financial analysis of Metrolink contractual operating cost allocation. Internal Audit expects assistance on this review from the Internal Audit Department of the Los Angeles County Metropolitan Transportation Authority	Financial	250	-			
Metrolink Service Expansion Program (MSEP)	Review of cooperative agreement(s) with Metrolink for infrastructure improvements related to the Metrolink Service Expansion Program and related project management contracts.	Compliance	300	-			
Buena Park Metrolink Station Closeout Audit	Close-out audit of construction of Metrolink station.	Compliance	15	-			
Transit Operations							
Buy America	Pre-award and post-delivery reviews to ensure vendors and OCTA are in compliance with federal Buy America requirements.	Compliance	50	-			
Contracted and Paratransit Operations	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	Compliance	350	2			
Government Relations and Intergovernmental Activities							
Grant Close-outs	As-needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	Compliance	75	-			
Finance and Accounting							
Treasury	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	Compliance	175	80		In Process	

Orange County Transportation Authority
Internal Audit Department
FY 2010-11 Internal Audit Plan

Audit Activity	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor
Cost Allocation Plan	Review of OCTA's methodology for, and application of, cost allocation.	Financial	150	76		In Process	
91 Express Lanes Collections	Completion of review of contractual compliance and performance of collections contractor Law Enforcement Services, Inc.	Compliance	30	158		Complete (10-15-10)	
Investment Management & Service Fees	Report finalization of review of services and invoices for investment and debt advisory and management services.	Compliance	25	22		Complete (10-15-10)	
Contracts & Materials							
Price Reviews	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	1,000	145		2 Reviews Completed, 2 Cancelled	
Procurement Activities - Proposal Evaluations	Review of policies, procedures, protocols, and best practices for the operation of procurement selection teams.	Operational	200	-			
Bridgestone/Firestone Tire Lease	Completion of review of lease of bus tires.	Compliance	40	168		Complete (10-15-10)	
Maintenance Inventory Management	Review of inventory management policies, procedures, controls, operational efficiency, and analytic tools.	Operational	175	-			
Warranty Administration	Review of internal controls over warranted equipment.	Internal Control	175	-			
Fuel Controls	Review of controls over dispensing of petroleum products.	Internal Control	50	20		In Process	
Information Systems							
Information Systems Change Management Controls	Review of information systems change management policies, procedures, and controls.	Operational	225	145		In Process	
Payment Card Industry (PCI) Data Securities Standards (DSS) Compliance	Review of OCTA's compliance with PCI DSS, including review and evaluation of annual self-assessment, to ensure protection of credit card data.	Compliance	150	-			
Telecommunications Equipment	Review of telecommunications equipment usage and internal controls.	Internal Control	150	101		In Process	

Orange County Transportation Authority
Internal Audit Department
FY 2010-11 Internal Audit Plan

Audit Activity	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date to F&A)	External Auditor
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Unscheduled Reviews and Special Requests

Unscheduled Reviews and Special Requests

Time allowed for unplanned audits and requests from the Board of Directors and management.

Varies

150

3

Monitoring Activities

Measure M Taxpayers Oversight Committee	Coordination of audit activities with the Audit Subcommittee of the Measure M Taxpayers Oversight Committee.	Monitoring	50	1	Ongoing	
Radio Upgrade	Ongoing monitoring of Integrated Transportation Management System upgrade by ACS Transport Solutions, Inc., and EigerTech.	Monitoring	25	2	Ongoing	
Bus Base Inspections & Inventory Testing	Participation on base inspection teams and periodic testing of base inventory records.	Monitoring	40	-	Ongoing	
Subrecipient Monitoring	Assist management in the development and implementation of policies and procedures to ensure compliance with FTA-required subrecipient monitoring.	Monitoring	60	30	In Process	

Follow-up Reviews

Follow-up reviews and reporting

Follow-up on audit findings and recommendations.

250

65

Ongoing

Total Audit Project Planned Hours (A) **6,185** **1,615**

Internal Audit Administration

Board of Directors and Board Committee Meetings

Executive Steering Committee and Agenda Meetings

Internal Audit Department Staff Meetings

Other Administration

300

150

360

1,600

494

59

7

15

494

Total Hours (B) **8,595** **2,188**

Target Efficiency (A/B) 72%

Actual Efficiency (A/B) 74%

4