

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

Tuesday, February 9, 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 January 26, 2010
2. Quarterly Measure M Revenue and Expenditure Report *Kenneth Phipps*
3. Proposed Measure M1 Freeway Program Amendment *Andrew Oftelie*
4. Follow-up to Annual Audit Report Questions *Vicki Austin*
5. CTFP Project Audit Follow-up For Cities of Stanton and Westminster *Kathleen O'Connell*
6. Review of Audit Findings *David Sundstrom*
7. Status of Selection of Triennial Performance Auditors *Howard Mirowitz*
8. Proposed Meeting Stipend for TOC Members *Alice Rogan*
9. Other Matters
10. 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, January 26, 2010
5:00 p.m. – 6:00 p.m.

- COC/TOC members present: Hamid Bahadori, Howard Mirowitz, Jim Kelly, Gregory Pate, David Sundstrom
- OCTA staff present: Alice Rogan, Andrew Oftelie, Ken Phipps, Janet Sutter, Kathleen O'Connell, Vicki Austin
- External Auditors: Marc Davis, Partner, Mayer Hoffman McCann, P.C.

Meeting was called to order at: 5:08pm.

Review and approve minutes from December 8, 2009: Minutes from the December meeting were approved with changes.

External Auditor Communications/Annual Financial Audits: Chairman David Sundstrom, Auditor Controller for the County of Orange, introduced Marc Davis, a partner with Mayer Hoffman McCann PC (MHM.), who presented the external auditors communication to the TOC Audit Subcommittee (Committee). Marc began with the Orange County Local Transportation Authority Annual Financial and Compliance Audit. Marc indicated MHM's responsibility as the external auditor is to express an opinion on the financial statements; management is responsible for preparation of the statements, and note disclosures. MHM's opinion provides reasonable assurance that the financial statements were free of material misstatement. During the course of the audit no audit adjustments were identified, nor were there any disagreements with management. Upon conclusion of the audit, management provided MHM with a letter of representation taking responsibility for all items in the financial statements. To MHM's knowledge there were no consultations with other accountants regarding accounting matters. During the course of preparation of the statements there are certain estimates and judgments that are required to be made, the most significant being which assets to capitalize and lives to use. MHM found that the basis for making those estimates and judgments was reasonable and properly founded and therefore had no audit adjustments related to them.

Jim Kelly asked what the capital expenditures for the Anaheim Regional Transportation Intermodal Center (ARTIC) were. Kenneth Phipps, Executive Director of Finance and

Administration, replied that expenditures for ARTIC land totaled \$32 million. Jim then asked about \$211 million of outstanding sales tax bonds. Apparently revenue coming in from sales tax is pledged to pay off those bonds. There was a significant drop in available funds which was anticipated to wrap up Measure M1 projects. Ken indicated that even with the decline in sales tax revenues there were no debt service issues. Jim then asked who controlled capital assets, which is mostly land, for the Local Transportation Authority. Ken said during the period of construction it is OCTA but then transferred to Caltrans. Jim asked if that is why it is separated and treated under net assets. Marc indicated that a portion of the net assets have to be restricted for that investment in capital assets. Jim asked why it was restricted. Marc replied that since it is a structure, it cannot be used to pay bills. Jim asked if it would ultimately go back to Caltrans. Ken said not in all cases but usually. Jim next wondered if \$5,000 was a relatively high amount for capitalization. Marc replied that from an audit perspective \$5,000 is very much in line with industry standards. Discussion ensued related to inventory and inventory controls.

Jim asked if we get a lot of donated capital assets. Vicki Austin, Section Manager of General Accounting, replied that periodically OCTA does receive donated land, which is recorded under contributions. Jim asked if \$850,000 was lost on Lehman Brothers. Ken said yes. Jim then asked if it was recorded any place as a financial loss. Marc said that when there are gains and losses such as this, they are netted against interest. Jim asked if the show of commitments as of June 30, 2009, was \$792,737 thousand or millions. Vicki responded it should be millions. Jim asked if it was Measure M1 or M2 and Vicki answered both. Jim said the budgeted expenditures of supplies and other contributions are down significantly, and asked if Ken could follow up with why it is so low. Jim asked if there were any internal controls issues. After explaining the audit process for control testing, Marc indicated there were no findings. Howard asked what gives rise to unearned revenue. Marc replied that unearned revenue represents revenue that is received in advance of when the related expenditures are incurred. Finally, Jim asked about cost allocations. Marc explained that MHM renews the reasonableness of the plan.

Marc moved on to the Debt Service Coverage Test. The requirement is that revenues have to exceed 130 percent for one bond issue, and 110 for the other. In both cases the sales tax revenue was significantly more than the Debt Service requirements.

Marc next discussed the Agreed Upon Procedures Applied to Measure M1 Status report. MHM applied agreed upon procedures to schedules that are provided by staff. MHM found one discrepancy of \$11,000 between schedule 1 and schedule 3. Other than that, all procedures were performed without exception. David asked if the discrepancy had been remedied. Vicki said it would be carried forward. Further discussion ensued regarding the discrepancy, and Vicki offered to put together a schedule that would show how figures in schedule 1 total up to schedule 3 with the exception of the \$11,000 discrepancy.

Marc presented the first ever Renewed Measure M Status report to the Committee. The procedures applied to the Measure M1 Status report are also applied to the Renewed

Measure M Status report. There were no exceptions noted as a result of those procedures.

The OCLTA GANN Limit report had one small exception in which fiscal year 2007-08 figures were used instead of 2008-09 figures per capita population change. There was no impact on whether or not OCLTA complied with the GANN limit because they were significantly under at \$948 million.

Marc then went over the Orange County Transportation Authority's SAS 112 management letter. There was one comment in the letter that indicated a need to establish a misconduct policy. This issue was resolved when OCTA's Board of Directors adopted a code of conduct on July 13, 2009.

The next report covered was the Agreed Upon Procedures to the eight cities selected for review of Measure M turnback funds. Cities with exceptions were the cities of Orange, Garden Grove, Aliso Viejo, Seal Beach, and Newport Beach. Discussion ensued regarding specific details of the exceptions within the eight cities. Jim Kelly asked if MHM was the external auditor for the cities reviewed. Marc replied that MHM was the auditor for Newport Beach, Aliso Viejo, Orange, and Seal Beach, but that MHM's relationship with those cities does not constitute a conflict of interest in terms of performing audits. Howard asked Marc if he had any recommendations for the Committee as to what they could be doing better in regards to the Agreed Upon Procedures. Marc indicated the procedures were well designed.

Combined Transportation Funding Program Audits: Kathleen O'Connell, Executive Director of Internal Audit, presented the Combined Transportation Funding Program (CTFP) audits to the Committee. Kathleen indicated these audits were part of OCTA's Internal Audit Department Internal Audit plan, and were performed by MHM. Kathleen referred to the draft staff report of the CTFP audit that would be going to the Finance and Administration Committee tomorrow. One major issue within the staff report is a recommendation to the Board of Directors to seek reimbursement from the cities of Westminster and Stanton. Both had projects that were completed in 2001, and 2002, but did not submit final close-out reports until 2008. As a result, the cities had not retained sufficient documentation to support the project expenditures. However, just prior to this evening's TOC Audit Subcommittee meeting, Kathleen was contacted by the City of Stanton, which indicated the needed documentation had been located. Kathleen shared her concern of when cities submit the final report they must declare whether there is excess right-of-way related to the project. Kathleen brought up the City of Lake Forest, which had not declared excess right-of-way because the excess property had been used for aesthetic purposes. Jim brought up the topic of records retention and his belief that records should be retained for up to five years after a project is closed. Kathleen agreed, and indicated the new guidelines are more clear as to timely submission of final reports and retention.

David Sundstrom asked to go back over the report, asking specifically what the match columns refer to. Marc said the 'as submitted' represents the final close out report that was submitted to OCTA. The 'as audited' columns represent figures that MHM comes up with based on all the accounting records. What this tells us in the case of is that even

though they reported \$18 million of local match for that project they actually overmatched by providing \$22 million in local match funds. David then inquired about the City of Irvine who overstated total project costs by \$166,724. Marc said the overstatement did not impact the city's reimbursement or matching requirement.

Jim Kelly complimented the work performed on the CAFR and expressed his opinion that it had been well done. David Sundstrom congratulated both Marc and Kathleen for their efforts in producing the audit reports.

Other Matters: Alice Rogan, Community Relations Officer, External Affairs, expressed her belief there is need for a February TOC Audit Subcommittee meeting so Committee members can review requested items from the staff, prior to announcing their findings at the full TOC meeting.

Public Comments: None

Meeting Adjourned at: 6:22 p.m.

Next meeting scheduled for February 9, 2010, 5:00 p.m. CR 506.

September 2007
 Revised Traffic Improvement and Growth
 Management Plan Expenditure Plan (1988 \$ x million)

ATTACHMENT A

Current Expenditure Plan

Freeway Projects		\$ 1,325
Project	Cost	
I-5 (Santa Ana Freeway) between I-405 (San Diego Freeway) and I-605 (San Gabriel Freeway)	\$ 727	
I-5 (San Diego Freeway) between I-5/I-405 Interchange and San Clemente	\$ 52	
I-5/I-405 Interchange	\$ 66	
S.R. 55 (Costa Mesa Freeway) between I-5 and S.R. 91(Riverside Freeway)	\$ 44 *	
S.R. 57 (Orange Freeway) between I-5 and Lambert Road	\$ 38	
S.R. 91 (Riverside Freeway) between Riverside County Line and Los Angeles County Line	\$ 95 *	
S.R. 22 (Garden Grove Freeway) between S.R. 55 and Valley View Street	\$ 303 **	
Freeway Sub-total	\$ 1,325	

Regional Street and Road Projects		\$ 350
Project	Cost	
Smart Streets	\$ 120	
Regionally Significant Interchanges	\$ 70	
Intersection Improvement Program	\$ 100	
Traffic Signal Coordination	\$ 50	
Transportation Systems Management and Transportation Demand Management	\$ 10	
Streets and Roads Sub-total	\$ 350	

Local Street and Road Projects		\$ 650
Project	Cost	
Master Plan of Arterial Highway Improvements	\$ 100	
Streets and Roads Maintenance and Road Improvements	\$ 450	
Growth Management Area Improvements	\$ 100	
Local Street and Road Sub-total	\$ 650	

Transit Projects		\$ 775
Project	Cost	
Pacific Electric Right-of-Way	\$ 15	
LOSSAN Intercity Rail Program	\$ 20	
LOSSAN Commuter Rail	\$ 215	
Riverside Commuter Rail	\$ 40	
High-Technology Advanced Rail Transit	\$ 340	
Elderly & Handicapped Fare Stabilization	\$ 20	
Transitways	\$ 125	
Transit Sub-total	\$ 775	

TOTAL	\$ 3,100
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* Pursuant to Resolution No. 94-03 dated 4/11/94, these projects shall be first in priority for State Transportation Improvement Program funds.

** Measure M project budget, assuming a 2004 construction date, is \$327 million. Pursuant to Resolution No. 04-xx dated 9/13/2004, OCTA shall pursue reimbursement of \$123.7 million in Transportation Congestion Relief Funds

February 2010

ATTACHMENT A

**Revised Traffic Improvement and Growth
Management Plan Expenditure Plan (1988 \$ x million)**

Current Expenditure Plan

Freeway Projects		\$ 1,325
Project	Cost	
I-5 (Santa Ana Freeway) between I-405 (San Diego Freeway) and I-605 (San Gabriel Freeway)	\$ 743	
I-5 (San Diego Freeway) between I-5/I-405 Interchange and San Clemente	\$ 52	
I-5/I-405 Interchange	\$ 66	
S.R. 55 (Costa Mesa Freeway) between I-5 and S.R. 91(Riverside Freeway)	\$ 44 *	
S.R. 57 (Orange Freeway) between I-5 and Lambert Road	\$ 22	
S.R. 91 (Riverside Freeway) between Riverside County Line and Los Angeles County Line	\$ 95 *	
S.R. 22 (Garden Grove Freeway) between S.R. 55 and Valley View Street	\$ 303 **	
Freeway Sub-total	\$ 1,325	

Regional Street and Road Projects		\$ 350
Project	Cost	
Smart Streets	\$ 120	
Regionally Significant Interchanges	\$ 70	
Intersection Improvement Program	\$ 100	
Traffic Signal Coordination	\$ 50	
Transportation Systems Management and Transportation Demand Management	\$ 10	
Streets and Roads Sub-total	\$ 350	

Local Street and Road Projects		\$ 650
Project	Cost	
Master Plan of Arterial Highway Improvements	\$ 100	
Streets and Roads Maintenance and Road Improvements	\$ 450	
Growth Management Area Improvements	\$ 100	
Local Street and Road Sub-total	\$ 650	

Transit Projects		\$ 775
Project	Cost	
Pacific Electric Right-of-Way	\$ 15	
LOSSAN Intercity Rail Program	\$ 20	
LOSSAN Commuter Rail	\$ 215	
Riverside Commuter Rail	\$ 40	
High-Technology Advanced Rail Transit	\$ 340	
Elderly & Handicapped Fare Stabilization	\$ 20	
Transitways	\$ 125	
Transit Sub-total	\$ 775	

TOTAL		\$ 3,100
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* Pursuant to Resolution No. 94-03 dated 4/11/94, these projects shall be first in priority for State Transportation Improvement Program funds.

** Measure M project budget, assuming a 2004 construction date, is \$327 million. Pursuant to Resolution No. 04-xx dated 9/13/2004, OCTA shall pursue reimbursement of \$123.7 million in Transportation Congestion Relief Funds



MEMORANDUM

February 9, 2010

To: Members of the Measure M Taxpayers Oversight Committee,
Audit Subcommittee

From: Kathleen M. O'Connell, Executive Director, Internal Audit *K. O'Connell*

Subject: Responses to Questions Arising During Review of Local
Transportation Authority Audited Financial Statements

At the January 26, 2010 meeting of the Audit Subcommittee (Subcommittee) of the Measure M Taxpayers Oversight Committee, a presentation was made by Marc Davis, Shareholder with Mayer Hoffman McCann (MHM), on the results of audits of the Orange County Transportation Authority's (OCTA) financial statements and other special purpose audits and reports. During the presentation, members of the Subcommittee asked questions. The purpose of this memorandum is to provide responses to those questions.

The notes to the audited financial statements of the Local Transportation Authority (LTA) include disclosure of commitments and contingencies. Page 31 of the report indicates that total purchase commitments as of June 30, 2009 stood at \$792,737. Subcommittee members inquired as to whether this amount was properly stated in thousands, as indicated parenthetically at the top of the page.

The commitment is presented properly in thousands. Of the total \$792.7 million, approximately \$566.5 relate to remaining commitments for Combined Transportation Funding Program projects. An additional \$46.8 million relates to Southern California Regional Rail Authority (Metrolink) grade crossing enhancements, with the balance related to various highway and other projects.

The Subcommittee also inquired about variances between budgeted and actual expenditures for Measure M, as presented in the Required Supplementary Information on page 33 of the LTA financial statements. For the year ended June 30, 2009, total final budgeted expenditures were \$436.0 million, whereas actual expenditures were \$240.1 million.

The majority of the under-run in expenditures results from timing differences. The most significant differences result from the following projects and programs:

\$22 million Metrolink Rail Cars. Metrolink invoiced other member agencies before OCTA

- \$35 million - Metrolink Service Expansion Program. Delays have been experienced due to extended negotiation time for right-of-way parcels
- \$49 million - Interstate 5 Gateway Project. Delays also result from right-of-way expenditures
- \$28 million - West County Connectors. OCTA did not receive approval from the Federal Highway Administration as quickly as anticipated for this project at the confluence of State Route 22, Interstate 605 and Interstate 405.

The Subcommittee also asked for a reconciliation between Schedule 1 and Schedule 3 of the Measure M Status report as of June 30, 2009. A detailed reconciliation is attached for your review.

The Subcommittee asked for information about the fee charged by our independent audit firm to conduct agreed-upon-procedures for the Measure M2 Status Report as of June 30, 2009. The Internal Audit Department amended OCTA's contract with MHM to include these procedures for the Measure M2 Status Report, as it is the first such annual report produced for the renewed Measure M program. Total fees amounted to \$12,500. The Subcommittee suggested that these procedures could be performed by the Internal Audit Department. While this is entirely feasible, it would not constitute the same level of independence as having the procedures performed by OCTA's external independent financial statement auditor. These procedures involve tracing amounts reported in the Measure M Status Report to the detailed accounting records reviewed during the audit of the LTA financial statements. However, at the direction of the Subcommittee, Internal Audit will perform the procedures internally.

Finally, after having reviewed the results of agreed-upon-procedures performed for jurisdictions receiving Measure M turnback funding, the Subcommittee directed the Internal Audit Department to review the cost allocation plan of the City of Newport Beach (City), when amended. MHM auditors found, during their procedures, that the City had allocated certain costs twice, and that the cost allocation plan was outdated. The Internal Audit Department will obtain and review the City's cost allocation plan when agreed-upon-procedures for the fiscal year ending June 30, 2010 are underway.

Should you have additional questions or require more information, please contact Kathleen O'Connell, Executive Director of Internal Audit, at (714) 560-5669.

Attachment

c: Ken Phipps
Alice Rogan

**Orange County Local Transportation Authority
Measure M Status Report
Reconciliation of Schedule 1 to Schedule 3**

Project related items from Schedule 1

Revenues:

Other agencies share of Measure M costs		
Project related	\$	383,182
Interest:		
Operating:		
Project related		1,014
Capital grants		158,155
Right-of-way leases		4,712
Proceeds on sale of assets held for resale		21,891
Miscellaneous:		
Project related		26
Other financing sources:		
Transfers in project related		1,829
Total project related revenues	\$	<u>570,809</u>

Expenditures:

Supplies and services:		
Professional services:		
Project related	\$	177,553
Administration costs:		
Project related		17,747
Other:		
Project related		1,233
Payments to local agencies:		
Turnback		530,755
Competitive projects		564,023
Capital outlay		1,964,771
Other financing sources:		
Transfers out:		
Project related		252,674
Total project related expenditures	\$	<u>3,508,756</u>

**Orange County Local Transportation Authority
Measure M Status Report
Reconciliation of Schedule 1 to Schedule 3**

Project line items from Schedule 3

	<u>Expenditures</u>	<u>Reimbursement</u>
Freeways (43%)		
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	809,616	82,739
I-5 between I-5/I-405 Interchange and San Clemente	70,294	10,358
I-5/I-405 Interchange	98,157	25,082
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	55,512	6,172
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	25,617	2,859
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	123,995	18,606
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	609,747	313,282
Subtotal Freeway Projects	<u>1,792,938</u>	<u>459,098</u>
Regional Street and Road Projects (11%)		
Smart Streets	154,115	3,489
Regionally Significant Interchanges	62,331	146
Intersection Improvement Program	77,437	214
Traffic Signal Coordination	46,445	132
Transportation Systems Management and Transportation Demand Management	7,461	149
Subtotal Regional Street and Road Projects	<u>347,789</u>	<u>4,130</u>
Local Street and Road Projects (21%)		
Master Plan of Arterial Highway Improvements	86,511	99
Streets and Roads Maintenance and Road Improvements	530,771	-
Growth Management Area Improvements	74,220	431
Subtotal Local Street and Road Projects	<u>691,502</u>	<u>530</u>
Transit Projects (25%)		
Pacific Electric Right-of-Way	16,564	2,686
Commuter Rail	351,437	60,805
High-Technology Advanced Rail Transit	128,857	6,873
Elderly and Handicapped Fare Stabilization	17,010	-
Transitways	162,648	36,687
Subtotal Transit Projects	<u>676,516</u>	<u>107,051</u>
Subtotal Measure M Program	3,508,745	570,809
Amount from Schedule 1	<u>3,508,756</u>	<u>570,809</u>
Difference	<u>11</u>	<u>-</u>

Measure M
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of December 31, 2009

(\$ in thousands)	Quarter Ended Dec 31, 2009	Year to Date Dec 31, 2009	Period from Inception to Dec 31, 2009
	(A)	(A)	(B)
Revenues:			
Sales taxes	\$ 55,122	\$ 99,253	\$ 3,678,443
Other agencies share of Measure M costs			
Project related	7,756	7,756	390,938
Non-project related	-	-	613
Interest:			
Operating:			
Project related	15	15	1,030
Non-project related	4,643	6,691	250,740
Bond proceeds	-	-	136,067
Debt service	6	476	81,322
Commercial paper	-	-	6,072
Orange County bankruptcy recovery	-	-	42,268
Capital grants	467	467	158,623
Right-of-way leases	59	159	4,870
Proceeds on sale of assets held for resale	537	1,073	22,964
Miscellaneous:			
Project related	-	-	26
Non-project related	-	-	775
Total revenues	<u>68,605</u>	<u>115,890</u>	<u>4,774,751</u>
Expenditures:			
Supplies and services:			
State Board of Equalization (SBOE) fees	705	1,410	53,110
Professional services:			
Project related	2,681	3,416	180,969
Non-project related	616	785	30,100
Administration costs:			
Project related	449	853	18,600
Non-project related	1,185	2,416	79,479
Orange County bankruptcy loss	-	-	78,618
Other:			
Project related	23	44	1,277
Non-project related	6	86	15,600
Payments to local agencies:			
Turnback	4,828	9,980	540,736
Other	41,385	52,509	616,531
Capital outlay	2,270	2,901	1,967,674
Debt service:			
Principal payments on long-term debt	-	-	842,755
Interest on long-term debt and commercial paper	-	4,509	552,414
Total expenditures	<u>54,148</u>	<u>78,909</u>	<u>4,977,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,457</u>	<u>36,981</u>	<u>(203,112)</u>
Other financing sources (uses):			
Transfers out:			
Project related	(989)	(1,990)	(254,664)
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)	<u>(989)</u>	<u>(1,990)</u>	<u>758,187</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 13,468</u>	<u>\$ 34,991</u>	<u>\$ 555,075</u>

See accompanying notes to Measure M Schedules

Measure M
Schedule of Calculations of Net Tax Revenues and Net Bond Revenues (Debt Service)
as of December 31, 2009

(\$ in thousands)	Quarter Ended Dec 31, 2009 (actual)	Year Ended Dec 31, 2009 (actual)	Period from Inception through Dec 31, 2009 (actual)	Period from January 1, 2010 through March 31, 2011 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
Tax revenues:					
Sales taxes	\$ 55,122	\$ 99,253	\$ 3,678,443	\$ 266,225	\$ 3,944,668
Other agencies share of Measure M costs	-	-	613	-	613
Operating interest	4,643	6,691	250,740	10,845	261,585
Orange County bankruptcy recovery	-	-	20,683	-	20,683
Miscellaneous, non-project related	-	-	775	-	775
Total tax revenues	<u>59,765</u>	<u>105,944</u>	<u>3,951,254</u>	<u>277,070</u>	<u>4,228,324</u>
Administrative expenditures:					
SBOE fees	705	1,410	53,110	2,476	55,586
Professional services, non-project related	616	785	21,239	2,330	23,569
Administration costs, non-project related	1,185	2,416	79,479	7,727	87,206
Operating transfer out, non-project related	-	-	5,116	-	5,116
Orange County bankruptcy loss	-	-	29,792	-	29,792
Other, non-project related	6	86	6,501	1,821	8,322
	<u>2,512</u>	<u>4,697</u>	<u>195,237</u>	<u>14,354</u>	<u>209,591</u>
Net tax revenues	<u>\$ 57,253</u>	<u>\$ 101,247</u>	<u>\$ 3,756,017</u>	<u>\$ 262,716</u>	<u>\$ 4,018,733</u>
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	6	476	81,322	5,390	86,712
Interest revenue from commercial paper	-	-	6,072	-	6,072
Orange County bankruptcy recovery	-	-	21,585	-	21,585
Total bond revenues	<u>6</u>	<u>476</u>	<u>1,415,045</u>	<u>5,390</u>	<u>1,420,435</u>
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	-	-	842,755	161,200	1,003,955
Bond debt interest expense	-	4,509	552,414	9,905	562,319
Orange County bankruptcy loss	-	-	48,826	-	48,826
Other, non-project related	-	-	9,099	-	9,099
Total financing expenditures and uses	<u>-</u>	<u>4,509</u>	<u>1,615,816</u>	<u>171,105</u>	<u>1,786,921</u>
Net bond revenues (debt service)	<u>\$ 6</u>	<u>\$ (4,033)</u>	<u>\$ (200,771)</u>	<u>\$ (165,716)</u>	<u>\$ (366,487)</u>

See accompanying notes to Measure M Schedules

Measure M
Schedule of Revenues and Expenditures Summary
as of December 31, 2009

Project Description (G)	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 Dec 31, 2009 (N)	Reimbursements through Dec 31, 2009 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Freeways (43%)										
I-5 between I-405 (San Diego Fwy) and I-605 (San Gabriel Fwy)	\$ 886,167	\$ 948,149	\$ 810,010	\$ 800,650	\$ 147,499	\$ 9,360	\$ 810,893	\$ 83,863	\$ 727,030	89.8%
I-5 between I-5/I-405 Interchange and Sun Clemente	63,385	67,818	57,836	59,936	7,882	(2,100)	70,294	10,358	59,936	103.6%
I-5/I-405 Interchange	80,450	86,077	72,802	73,075	13,002	(273)	98,157	25,082	73,075	100.4%
S.R. 55 (Costa Mesa Fwy) between I-5 and S.R. 91 (Riverside Fwy)	53,633	57,384	44,511	50,225	7,159	(5,714)	55,512	6,172	49,340	110.8%
S.R. 57 (Orange Fwy) between I-5 and Lambert Road	46,319	49,559	24,128	22,759	26,800	1,369	25,617	2,859	22,758	94.3%
S.R. 91 (Riverside Fwy) between Riverside Co. line & Los Angeles Co. line	115,799	123,898	116,136	105,702	18,196	10,434	123,995	18,606	105,389	90.7%
S.R. 22 (Garden Grove Fwy) between S.R. 55 and Valley View St.	369,337	395,170	303,297	302,934	92,236	363	613,278	313,758	299,520	98.8%
Subtotal Projects	1,615,090	1,728,055	1,428,720	1,415,281	312,774	13,439	1,797,746	460,698	1,337,048	
Net (Bond Revenue)/Debt Service			308,398	308,398	(308,398)		168,949		168,949	
Total Freeways	\$ 1,615,090	\$ 1,728,055	\$ 1,737,118	\$ 1,723,679	\$ 4,376	\$ 13,439	\$ 1,966,695	\$ 460,698	\$ 1,505,997	47.0%
Regional Street and Road Projects (11%)										
Smart Streets	\$ 141,655	\$ 151,504	\$ 149,182	\$ 149,182	\$ 2,382	\$ -	\$ 161,825	\$ 11,195	\$ 150,630	101.0%
Regionally Significant Interchanges	83,632	88,412	88,412	88,412	-	-	63,144	146	62,998	71.3%
Intersection Improvement Program	118,046	126,303	126,303	126,303	-	-	79,334	214	79,120	62.0%
Traffic Signal Coordination	59,023	63,152	63,152	63,152	-	-	48,192	132	48,060	76.1%
Transportation Systems Management and Transportation Demand Management	11,805	12,630	12,630	12,630	-	-	7,661	149	7,512	59.5%
Subtotal Projects	413,161	442,061	439,679	439,679	2,382	-	360,156	11,836	348,320	
Net (Bond Revenue)/Debt Service			2,382	2,382	(2,382)		1,305		1,305	
Total Regional Street and Road Projects	\$ 413,161	\$ 442,061	\$ 442,061	\$ 442,061	\$ -	\$ -	\$ 361,461	\$ 11,836	\$ 349,625	10.9%

Measure M
Schedule of Revenues and Expenditures Summary
as of December 31, 2009

Project Description (G)	Net Tax Revenues Program to date Actual (H)	Total Net Tax Revenues (I)	Project Budget (J)	Estimate at Completion (K)	Total Net Tax Revenues to Est at Completion (L)	Variance Project Budget to Est at Completion (M)	Expenditures through Dec 31, 2009 (N)	Reimbursements through Dec 31, 2009 (O)	Net Project Cost (P)	Percent of Budget Expended (Q)
Local Street and Road Projects (21%)										
(\$ in thousands)										
Master Plan of Arterial Highway Improvements	\$ 142,696	\$ 159,672	\$ 159,672	\$ 159,672	\$ -	\$ -	\$ 93,000	\$ 99	\$ 92,901	58.2%
Streets and Roads Maintenance and Road Improvements	546,067	584,262	584,262	584,262	-	-	540,752	-	540,752	92.6%
Growth Management Area Improvements	100,000	100,000	100,000	100,000	-	-	75,294	431	74,863	74.9%
Subtotal Projects	788,763	843,934	843,934	843,934	-	-	709,046	530	708,516	
Net (Bond Revenue)/Debt Service										
Total Local Street and Road Projects	\$ 788,763	\$ 843,934	\$ 843,934	\$ 843,934	\$ -	\$ -	\$ 709,046	\$ 530	\$ 708,516	22.1%
Transit Projects (25%)										
Pacific Electric Right-of-Way	\$ 18,174	\$ 19,445	\$ 15,000	\$ 14,000	\$ 5,445	\$ 1,000	\$ 16,639	\$ 2,786	\$ 13,853	92.4%
Commuter Rail	337,427	362,428	346,366	377,929	(15,501)	(31,563)	351,437	60,805	290,632	83.9%
High-Technology Advanced Rail Transit	411,930	440,764	421,230	410,688	30,076	10,542	163,765	6,937	156,828	37.2%
Elderly and Handicapped Fare Stabilization	20,000	20,000	20,000	20,000	-	-	19,000	-	19,000	95.0%
Transitways	151,452	162,046	146,381	126,360	35,686	20,021	162,648	36,687	125,961	86.1%
Subtotal Projects	939,003	1,004,683	948,977	948,977	55,706	-	713,489	107,215	606,274	
Net (Bond Revenue)/Debt Service										
Total Transit Projects	\$ 939,003	\$ 1,004,683	\$ 1,004,683	\$ 1,004,683	\$ -	\$ -	\$ 744,006	\$ 107,215	\$ 636,791	19.9%
Total Measure M Program	\$ 3,756,017	\$ 4,018,733	\$ 4,027,796	\$ 4,014,357	\$ 4,376	\$ 13,439	\$ 3,781,208	\$ 580,279	\$ 3,200,929	

See accompanying notes to Measure M Schedules