



Orange County Transportation Authority
Taxpayer Oversight Committee Audit Subcommittee
Agenda
Thursday, May 28, 2026 at 4:00 p.m.

Call to Order

Chair's Remarks

Action Items

1. Approval of Minutes

Clerk of the Board

Recommendation

Approve the minutes of the June 10, 2025, Taxpayer Oversight Committee Audit Subcommittee meeting.

Attachments:

[Attachment A](#)

2. External Auditor Communications/OCLTA Annual Audit, Compliance Audit, and Agreed-Upon Procedures Reports, Year Ended June 30, 2024

Overview

Jennifer Richards, Crowe LLP, Partner, Joseph Widjaja, Crowe LLP, Partner, and Johnson Chung, Audit Manager, will present this item.

Recommendation

Receive and file.

Attachments:

[Presentation](#)

[Attachment A](#)

[Attachment B](#)

[Attachment C](#)

[Attachment D](#)

[Attachment E](#)

[Attachment F](#)

[Attachment G](#)

[Attachment H](#)

[Attachment I](#)

TAXPAYER OVERSIGHT COMMITTEE AUDIT SUBCOMMITTEE MEETING AGENDA

3. **City Selections for Fiscal Year 2025-26 Measure M2 Agreed-Upon Procedures**

Janet Sutter

Recommendation

Select cities for fiscal year 2025-26 Measure M2 agreed-upon procedures.

Attachments:

[Attachment A](#)

4. **Taxpayer Oversight Committee Audit Subcommittee Charter**

Janet Sutter

Recommendation

Re-adopt Taxpayer Oversight Committee Audit Subcommittee Charter dated May 2026.

Attachments:

[Attachment A](#)

Discussion Items

5. **M2 Ordinance Compliance Matrix**

Francesca Ching

Overview

Staff will present this item.

Attachments:

[Attachment A](#)

6. **Quarterly M2 Revenue and Expenditure Report**

Sean Murdock

Overview

Staff will present this item.

Attachments:

[Attachment A](#)

7. **Public Comments**

8. **Committee Member Comments**

9. **Adjournment**

TAXPAYER OVERSIGHT COMMITTEE AUDIT SUBCOMMITTEE MEETING AGENDA

Accomodations

Any person with a disability requiring accommodation to participate in this meeting should contact the Clerk of the Board's office at (714) 560-5676, no less than two business days prior to the meeting to make arrangements.

Agenda Descriptions

Agenda descriptions are intended to provide a summary of items of business to be transacted or discussed. The Board/Committee may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Availability of Agenda Materials

All documents relative to this agenda are available for viewing at www.octa.net or at OCTA Headquarters, 600 S. Main Street, Orange, CA during normal business hours.

Meeting Access and Public Comments on Agenda Items

Public comments can be made in-person at the meeting by completing speaker's card and submitting it to the Clerk of the Board prior to the item being called by the Chair. Public speakers will be recognized by the Chair and comments shall be limited to three minutes (unless otherwise directed by the Chair). Language translation can be provided upon request, if available.

Written Comment

Written comments may be emailed to Committees@octa.net no later than 5:00 p.m. the day prior to the meeting. Timely received written comments will be part of the public record and distributed to the Board/Committee.

**Measure M Taxpayer Oversight Committee
Audit Subcommittee
Orange County Transportation Authority
550 S. Main Street, Orange, CA
June 10, 2025 @ 5:00 p.m.**

MEETING MINUTES

Committee Members Present:

Andrew Hamilton, Auditor-Controller, County of Orange, Chair
Mark W. Eisenberg, Fifth District Representative
James Fuchs, Second District Representative
Naresh Patel, First District Representative
Kirk Watilo, Third District Representative

Orange County Transportation Authority Staff Present:

Christopher Boucly, Department Manager, External Affairs
Rose Casey, Executive Director, Planning
Marissa Espino, Section Manager, Public Outreach
Jonathan Lee, Program Management Analyst, Measure M2 Program Management Office
Sean Murdock, Director, Finance and Administration
Andrew Oftelie, Chief Financial Officer, Finance and Administration
Janet Sutter, Executive Director, Internal Audit

Recorder:

Teri Lepe, Executive Assistant, Internal Audit

1. Welcome

Mr. Andrew Hamilton called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) Audit Subcommittee (AS) meeting to order at 5:03 p.m.

2. Approval of the Minutes for May 27, 2025

A motion was made by Mr. Mark Eisenberg, seconded by Mr. James Fuchs, and carried with one abstention, to approve the May 27, 2025, TOC AS minutes.

3. Public Comments

No public comments were submitted prior to the meeting, nor were there any members of the public present for comments.

4. Action Items

A. Approve Revisions to Annual Selection of Cities Template

Ms. Janet Sutter, Executive Director, Internal Audit, explained the purpose of this meeting is to discuss adding information, requested by the TOC AS, to the listing of

jurisdictions to be considered when choosing cities for application of agreed-upon procedures (AUP).

Committee Member Comments:

Ms. Sutter presented the updated draft Selection of Cities information, as discussed at the last meeting. In reference to the turnover in Finance Directors, OCTA can compare the Finance Director who signed off and certified their expenditure report in the prior year and then in the current year to see if the Finance Director had changed.

Ms. Sutter said they can pull information from Single Audit reports, for those who were subjected to a Single Audit within the last two years and note any findings.

Mr. Hamilton commented that the County of Orange (County) had findings from prior years that had to do with subrecipient monitoring, which are findings that do not necessarily reflect on the County's accounting or auditing but rather on an entity that has received monies from the County to apply to a program. Discussion ensued on whether a Single Audit really measured risk.

Mr. Hamilton commented that he was not inclined to use the Single Audit results for the County and asked for Ms. Sutter's opinion. Ms. Sutter agreed and commented that it was brought up in the last meeting as important to the Subcommittee.

Ms. Sutter commented there is an added column in the information listing allocations received since the last AUP. Cities that receive small amounts may not have ever been reviewed but, over time, the amount builds.

Mr. Kirk Watilo commented that from the minutes of the May 27, 2025, meeting, he understood that there was a higher possibility of mistakes in the cities receiving larger amounts of money and asked if his understanding was correct. Ms. Sutter responded that was what some thought but a counter to that is that the larger cities may have larger accounting staff and experience; smaller cities, while not receiving higher amounts, may not have experience, and it could go either way.

Mr. Eisenberg commented that if they are not getting a lot of money, the losses cannot be great. There is a greater likelihood of greater losses when more money is being spent. Discussion ensued about auditing costs versus return.

Mr. Watilo asked how many cities were reviewed in a year. Ms. Sutter answered between ten to fifteen, with the cities of Buena Park and Huntington Beach being two that will be reviewed at the direction of the OCTA Board. There will not be any Senior Mobility Program (SMP) reviews as they were removed by the TOC AS for this year.

Ms. Sutter commented that what they are discussing in this template is criteria for the Subcommittee's consideration in selecting cities for next year and asked if this is what the AS wanted.

Mr. Hamilton commented that the audit should be risk-based with Mr. Eisenberg commenting they should be random.

Mr. Fuchs asked if there was a way to break the cities into two or three categories and then select cities from the categories, rather than selecting the top ten cities that received the most money.

Mr. Hamilton commented that possibly there could be a risk, threshold, and random "buckets"; discussion ensued with members commenting on the feasibility, possible difficulties in assigning weights, and the inclusion of other factors such as the health of the city. Discussion then ensued on whether the health of a city was a good criterion.

Mr. Watilo commented on how to create the different buckets for the selections with a discussion ensuing on the suggestion and the parameters on how to define the buckets.

Ms. Sutter noted that for the Measure M2 annual compliance audit, the external auditors conduct their own risk assessment.

AS members continued the discussion on the potential use of a bucket list with Mr. Hamilton asking members if they agreed upon randomness, size (based on dollars), number of findings (risk), Finance Director turnover, and the financial health of a city (measured by the unrestricted net position divided by population). Discussion continued regarding whether this information would be available and whether the information would be timely.

Ms. Sutter responded that staff could ask cities to self-report their unrestricted net position divided by population with Mr. Eisenberg commenting that if it is provided under declaration, it will have value. Andy Oftelie responded they could ask for it with the expenditure report that the cities are required to provide.

Mr. Hamilton suggested requesting just the unrestricted net position rather than having it divided by population. Mr. Andy Oftelie, Chief Financial Officer, Finance and Administration, and AS members agreed this was easier to ask for.

Mr. Hamilton commented this was a starting point with Mr. Eisenberg commenting that five buckets were too many and there needed to be consideration for the auditing of SMP by narrowing the buckets.

Mr. Fuchs asked if the SMP was completely different from Local Fair Share (LFS) and audited differently. Ms. Sutter responded yes, they are separate programs and audited differently.

Mr. Hamilton asked when the next request for proposal for auditing services is issued, could the audit of the SMP and the LFS be combined and the price of a combined audit be given? Ms. Sutter commented that it could narrow the selection of cities, but economies of scale might not be realized as the procedures for auditing LFS and SMP are different and separate reports are required.

Committee members discussed what the AUP represents and the findings and the reporting that is offered by the external auditors. Discussion continued related to the findings for the cities of Buena Park and Huntington Beach.

Mr. Hamilton summarized the proposed criteria would be dollar expenditure, randomness, risk-based on the number of findings, Finance Director turnover and unrestricted net assets. Ms. Sutter agreed to remove the information related to the Single Audit and include the unrestricted net assets.

Mr. Hamilton made a motion to remove the Single Audit information and add unrestricted net assets on the presented template going forward; Mr. Eisenberg seconded, and the motion passed unanimously.

5. Adjournment

The TOC AS meeting adjourned at 5:51 p.m. The next meeting of the TOC AS will be at **4:00 p.m. on Tuesday, December 9, 2025**, in Conference Room 09 of the 550 Building, OCTA Headquarters, as needed.



OCTA Taxpayer Oversight Committee

Audit Results Fiscal Year 2025

– Audit Subcommittee

May 28, 2026

Here with you today



Jennifer Richards

Audit Partner



Joe Widjaja

Audit Partner



Johnson Chung

Audit Manager



Agenda

1

Audit Objectives

2

Audit Results

3

Required
Communications

Audit Objectives



OCTA M2 Compliance- Audit Results FY2025



Engagement Deliverables

Orange County Local Transportation Authority's ("OCLTA")
Financial Statements and Compliance audits

Measure M2 Status AUP Report

GANN Limit Article XIII-B AUP Report

The jurisdictions selected by the Audit Subcommittee of the
Taxpayers Oversight Committee to perform agreed-upon
procedures (AUP)

AUPs related to City of Buena Park and City of Huntington
Beach related to Settlement Agreements with OCTA



Engagement Objectives

– OCLTA Audits

- The objective of this audit is to express an opinion on Orange County Local Transportation Authority's (OCLTA) financial statements and compliance with the Measure M2 Ordinance (Ordinance) for the fiscal year ended June 30, 2025.
- The audit will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted *Government Auditing Standards (GAGAS)*.
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether OCLTA's financial statements and compliance with the Ordinance is free of material misstatement and noncompliance whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial statements and compliance, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.



OCTA Compliance M2 Audit

- Number of samples selected: **over one thousand samples selected**
- Total Programs selected: five
 - Project O - Regional Capacity Program (RCP)
 - Project P - Regional Traffic Signal Synchronization Program (RTSSP)
 - Project Q - Local Fair Share
 - Project V - Community Based Circulators
 - Project X - Environmental Cleanup Program
- Additional Jurisdictions selected: seven
 - City of Anaheim
 - City of Santa Ana
 - City of Yorba Linda
 - City of Irvine
 - City of Dana Point
 - City of Newport Beach
 - County of Orange

Engagement Deliverables – City AUPs

- **Local Fair Share**
 Anaheim
 Brea
 Costa Mesa
 Garden Grove
 Irvine
 Lake Forest
 Placentia
 Santa Ana
 Tustin
- **Senior Non-Emergency Medical Transportation Program**
 County of Orange
- **Buena Park**
- **Huntington Beach**



Significant Risks & Materiality

Significant Risks

- Management is primarily responsible for the design, implementation and maintenance of internal controls.
- Auditing standards require a presumed risk of management override of internal controls.

Materiality

- Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.
- Materiality judgments involve both qualitative and quantitative considerations.



Audit Results



Compliance Audit Reports

Deliverable	Opinion / Matters Noted
Audit of OCLTA Financial Statements	Unmodified Opinion
Audit of OCLTA M2 Compliance	No Noncompliance noted
GANN Limit Article XIII-B AUP Report	No exceptions were found
Measure M2 Status AUP Report	See next slide
The jurisdictions selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures	See next slides
AUPs related to Buena Park and Huntington Beach	See next slides



Measure M2 Status- AUP Results

1 of 1

- No exceptions were found as a result of these procedures.

LFS- AUP Results

City	Result	City Management Response
City of Anaheim (Anaheim)	Testing identified \$2,463,356 in Maintenance of Effort (MOE) expenditures that were reported as direct, rather than indirect expenditures. These expenditures related to the allocation of liability coverage expenses.	Anaheim responded that they reported these expenses as direct because they are ultimately assigned to specific programs; however, agreed to report these as indirect expenses in future Expenditure Reports.
City of Brea (Brea)	Brea overreported total MOE expenditures in its Expenditure Report, by \$5,343.	Brea has taken steps to improve its process in reviewing expenditures in the general ledger to ensure agreement with the M2 Expenditure Report.
City of Costa Mesa (Costa Mesa)	Testing identified \$1,701,417 in MOE expenditures that were reported as direct, rather than indirect expenditures. These expenditures related to the allocation of landscape, tree, and equipment maintenance service charges.	Costa Mesa acknowledges the observation and will allocate these costs as indirect going forward.
City of Garden Grove (Garden Grove)	Testing identified \$90,975 in unallowable MOE expenditures; however, after removal of these charges from total MOE expenditures, Garden Grove continued to meet its MOE requirement.	Garden Grove acknowledges the finding and has reassigned these costs to ensure they are no longer reported as street and road expenditures.
	Testing identified \$231,411 in MOE expenditures that were reported as as indirect, rather than direct expenditures. The expenditures represented engineering labor costs charged directly to projects.	Garden Grove acknowledges these costs were incorrectly classified and has updated the general ledger to reflect these costs as direct costs moving forward. Garden Grove will continue to monitor cost classification to prevent similar issues in future reporting periods.
	Testing identified one project funded with Local Fair Share (LFS) funds that was not listed on Garden Grove's Capital Improvement Project (CIP) plan.	Garden Grove acknowledges the finding and will implement a review process to ensure all active, ongoing projects are carried forward in the CIP.
City of Irvine (Irvine)	Testing identified \$3,113,608 in charges that were reported as direct, rather than indirect. In addition, testing identified \$360,065 in unallowable MOE expenditures; however, after removal of these charges from total MOE expenditures, Irvine continued to meet its MOE requirement.	Irvine will implement a secondary review process to validate that charges are eligible and attributable to MOE and will review cost allocation rates and classify these as indirect costs going forward.

LFS- AUP Results (continued)

2 of 2

City	Result	City Management Response
City of Lake Forest	None	
City of Placentia	None	
City of Santa Ana	None	
City of Tustin	None	



SNEMT- AUP Results (County of Orange)

1 of 1

- No exceptions were found as a result of these procedures.



City of Buena Park- AUP Results

1 of 1

- Crowe identified two projects funded with LFS that were not listed on the City's Seven-Year Capital Improvement Project (CIP) Report, as required; however, management amended the CIP and obtained City Council approval on February 10, 2026.
- The City responded that management would implement procedures to ensure all CIP projects are included in the Seven-Year CIP Report going forward.



City of Huntington Beach- AUP Results

1 of 1

- Crowe LLP tested a sample of LFS expenditures for FY 2024-25, and found the City's LFS expenditure was overstated on the City's Expenditure Report.
- No ineligible or questioned costs were identified.
- The City acknowledged the finding and agreed to include a second review and formal reconciliation before submitting the Expenditure Report going forward.

Required Communications



Required Communications

- Corrected Noncompliance: We did not note **material** corrected noncompliance matters that we brought to the attention of management as a result of our audit procedures.
- Uncorrected Noncompliance: We did not note any **material** uncorrected noncompliance matters that we brought to the attention of management as a result of our audit procedures.

Our values



CARETRUSTCOURAGESTEWARDSHIP

Required Communications

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters

Our values



CARETRUSTCOURAGESTEWARDSHIP

Questions?



Thank you

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**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)**

**ANNUAL FINANCIAL
AND
COMPLIANCE REPORT**

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)**

**Audited Financial Statements
Year Ended June 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Orange County Local Transportation Authority
Orange, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of OCLTA as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCLTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCLTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OCLTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCLTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the Local Transportation Authority Special Revenue Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCLTA's basic financial statements. The budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the Local Transportation Authority Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of the OCLTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the OCLTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OCLTA's internal control over financial reporting and compliance.


Crowe LLP

Costa Mesa, California
October 31, 2025

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Management's Discussion and Analysis
(unaudited)
For the Year Ended June 30, 2025

As management of the Orange County Local Transportation Authority (OCLTA), we offer readers of the OCLTA's financial statements this narrative overview and analysis of the OCLTA's Measure M financial activities for the fiscal year (FY) ended June 30, 2025. We encourage readers to consider the information on financial performance presented in conjunction with the financial statements that begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- As of June 30, 2025, the total net position of the OCLTA was \$1,006,551. This amount includes \$175,370 in net investment in capital assets and \$831,181 in restricted net position designated for Measure M projects, the Environmental Mitigation Program, debt service, and Senate Bill (SB) 125 restricted state grant. The net position increased by \$526,871 during fiscal year 2024-25, primarily due to an increase of \$428,083 in grants and contributions to support transportation projects, including the OC Streetcar and I-405 Improvement Project.
- In fiscal year 2024-25, Measure M program expenses decreased by \$147,819 primarily because an interfund transfer to the 405 Express Lanes Fund occurred in fiscal year 2023-24 for the allocation of TIFIA loan proceeds associated with the construction of the express lanes for the I-405 Improvement Project. The decrease also reflected reduced capital spending on the OC Streetcar project, which is nearing completion, as well as lower expenditures for the I-405 Improvement Project.
- The sales tax revenues for fiscal year 2024-25 remained relatively consistent with the prior year, reflecting steady economic activity within Orange County. The investment earnings increased by \$15,482 or 31.1% due to higher average cash balances and stronger investment performance during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the OCLTA's basic financial statements, which are comprised of three components including government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements. Because the OCLTA is a governmental activity of the Orange County Transportation Authority (OCTA), governmental funds are used to account for its Measure M program activities. The basic financial statements include only the activities of the OCLTA.

▪ **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the OCLTA's finances using the accrual basis of accounting, in a manner similar to a private-sector business. The statement of net position presents information on all of the OCLTA's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the OCLTA is improving or deteriorating.

The statement of activities presents information showing how the OCLTA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 10-11 of this report.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY Management's Discussion and Analysis

▪ **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with Measure M finance-related legal requirements. The OCLTA uses governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental funds financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the OCLTA's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the OCLTA's near-term financing decisions. Both the governmental funds balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The OCLTA maintains two individual governmental funds which are considered to be major funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the OCLTA's major governmental funds.

The governmental funds financial statements and related reconciliations to governmental activities can be found on pages 12-15 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-30 of this report.

The OCLTA adopts an annual budget for its two funds. A budgetary comparison schedule has been provided for the LTA Special Revenue fund as required supplementary information on page 31 and the LTA Debt Service fund as other supplementary information on page 33 to demonstrate compliance with the annual appropriated budget.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the OCLTA's financial position. At June 30, 2025, the OCLTA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,006,551, a \$526,871 increase from June 30, 2024. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the OCLTA's governmental activities.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Management's Discussion and Analysis

Table 1
Orange County Local Transportation Authority
Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 1,542,970	\$ 1,046,520
Assets held for resale	15,965	20,615
Capital assets, net	175,427	175,213
Total assets	1,734,362	1,242,348
Deferred outflows of resources		
Deferred outflows - refunding	23,004	1,153
Liabilities		
Current liabilities	133,507	138,718
Long-term liabilities	614,680	621,827
Total liabilities	748,187	760,545
Deferred inflows of resources		
Deferred inflows - leases	2,628	3,276
Net position		
Net investment in capital assets	175,370	175,213
Restricted	831,181	304,467
Total net position	\$ 1,006,551	\$ 479,680

Total assets increased by \$492,014, or 39.6 percent, from June 30, 2024. The increase was primarily attributable to increase in cash and investments, driven by the Transit and Intercity Rail Capital Program (TIRCP) funding of \$149,841 for OC Streetcar project reimbursement, the allocation of TIFIA loan proceeds of \$72,172 for the I-405 Improvement Project, and Senate Bill (SB) 125 one-time grant funding of \$208,765 which provides additional appropriations to support transit infrastructure, operations, and capital improvements.

Total liabilities decreased by \$12,358, or 1.6 percent, from June 30, 2024. This decrease was primarily the result of refunding all outstanding 2010 Series A bonds through the issuance of Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025.

Total net position from governmental activities increased by \$526,871 or 109.8 percent. This increase was primarily the result of program and general revenues exceeding program expenses during the fiscal year.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Management's Discussion and Analysis**

**Table 2
Orange County Local Transportation Authority
Changes in Net Position**

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 1,455	\$ 1,046
Operating grants and contributions	498,196	70,113
General revenues:		
Sales tax revenues	431,843	431,412
Investment earnings	65,340	49,858
Other miscellaneous expenses	(347)	—
Transfers:	—	192,911
Total revenues and transfers	996,487	745,340
Expenses		
Measure M program expenses	469,616	617,435
Changes in net position	526,871	127,905
Net position – beginning	479,680	351,775
Net position – end of year	\$ 1,006,551	\$ 479,680

OCLTA expenses shown on the statement of activities consist of:

	Governmental Activities	
	2025	2024
Supplies and services	\$ 143,308	\$ 114,749
Contributions to other local agencies	119,733	100,935
Contributions to other OCTA funds	46,338	215,166
Capital outlay	134,440	156,102
Interest expense	25,797	30,483
Total expenses	\$ 469,616	\$ 617,435

Total revenues increased by \$251,147 or 33.7 percent, compared to fiscal year 2023-24. The primary driver of this growth was a significant rise in grants and contributions, which provide essential funding for several key transportation projects, including the OC Streetcar and I-405 Improvement Project. Additionally, investment earnings increased by \$15,482 or 31.1 percent reflecting higher average cash balances and favorable investment market conditions during the fiscal year.

Program expenses decreased by \$147,819 primarily due to the interfund transfer to the 405 Express Lanes Fund in prior year for the allocation of TIFIA loan proceeds for the I-405 Improvement Project. The

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Management’s Discussion and Analysis**

decrease also reflected lower capital expenditures for the OC Streetcar project during fiscal year 2024–25 as the project nears completion.

Financial Analysis of the OCLTA’s Funds

As of June 30, 2025, the OCLTA’s governmental funds reported combined ending fund balances of \$1,348,776, an increase of \$479,145 compared to FY 2023-24. The majority of fund balances, 83.9 percent, are restricted for transportation projects funded by the Measure M Program. The remaining fund balances are restricted for the Environmental Mitigation Program, debt service on M2 sales tax revenue bonds issued to accelerate funding for transportation projects, and SB 125 state grant.

OCLTA’s major governmental funds include the following significant changes:

- The LTA fund balance increased by \$484,339 primarily attributable to increase in cash and investments, driven by the TIRCP funding of \$149,841 for OC Streetcar project reimbursement, the allocation of TIFIA loan proceeds of \$72,172 for general purpose lane construction expenses, and SB 125 grant funding of \$208,765 which provides additional appropriations to support transit infrastructure, operations, and capital improvements. In addition, investment earnings increased by \$15,482 or 31.1 percent reflecting favorable investment performance during the year.
- The LTA Debt Service fund balance decreased by \$5,194, primarily due to the transfer out of excess fund to the LTA fund.

Capital Assets

As of June 30, 2025, the OCLTA has \$175,427 net of accumulated depreciation invested in capital assets, including land, right-of-way improvements, building and improvements, and intangible right-to-use subscription assets. A summary of the OCLTA’s capital assets, net of depreciation is as follows:

**Table 3
Orange County Local Transportation Authority
Capital Assets, net of Depreciation and Amortization**

	2025		2024
Land	\$ 167,913	\$	167,913
Right-of-way improvements	7,300		7,300
Buildings and improvements	155		—
Subscription assets - SBITA	59		—
Total capital assets, net	\$ 175,427	\$	175,213

More detailed information about the OCLTA’s capital assets is presented in note 5 to the financial statements.

OCLTA has outstanding capital expenditure commitments; the most significant of which are \$218,584 for the I-5 Freeway Widening Construction Project, \$102,840 for the Regional Capacity Program, and \$107,650 for the Regional Traffic Signal Synchronization Project.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY Management's Discussion and Analysis

Debt Administration

As of June 30, 2025, the OCLTA has \$529,450 in sales tax revenue bonds compared to \$569,315 as of the prior year. The decrease was primarily the result of refunding all outstanding 2010 Series A bonds through the issuance of Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025. Additional information on the OCLTA's long-term debt can be found in note 8 to the financial statements.

Economic and Other Factors

The OCLTA is responsible for administering Measure M, the half-cent transportation sales tax, which originally passed in 1990 and was delivered as promised to the residents of Orange County, with over \$4 billion invested in improvements to freeways, streets and roads and transit services. Measure M1 (M1) ended in March 2011, and collection of sales tax under Measure M2 (M2) began in April 2011. M2 was overwhelmingly approved by the voters of Orange County in 2006 because of the tangible results that were realized through M1. The passage of M2 has allowed for the continuation of transportation improvements through March 31, 2041. Allocation of M2 funds remains the same as the original M1 with 43 percent slated for freeway improvements, 32 percent for streets and roads, and 25 percent for transit projects and programs.

Although revenue collection for M2 projects did not begin until April 2011, OCTA began delivering projects early based on the five-year M2 Early Action Plan (EAP) adopted in 2007 and subsequent M2020 Plan adopted in 2012. Both delivery plans were developed to accelerate M2 freeway, streets and roads, transit, and environmental projects. In response to lower actual sales tax revenue, a new forecasting methodology was adopted in March 2016. This prompted the need to revisit the assumptions built into the M2020 plan. A new program/project delivery framework covering FY 2016-17 through FY 2025-26, called the Next 10 Plan, was adopted by the Board of Directors on November 14, 2016. The updated version of the Next 10 Plan was adopted by the Board of Directors in November 2024 and covers FY 2025 - FY 2034.

The OCLTA adopted its FY 2025-26 annual budget on June 9, 2025. Looking specifically at our Measure M2 (M2) Program half-cent Local Transportation Authority (LTA) sales tax revenue, the FY 2025-26 projections are cautiously optimistic. The growth rate for the M2 half-cent LTA sales tax revenue is forecasted to be flat over FY 2024-25 estimates. Similarly, the growth rate for the quarter-cent Local Transportation Fund sales tax revenue, primarily supporting the bus program, is anticipated to be flat over FY 2024-25 estimates.

The M2 Program delineates a clear roadmap for the enhancement of transportation infrastructure across our cities and County. The M2 Program will persist in advancing enhancements across freeways, transit, streets, roads, and environmental initiatives. The FY 2025-26 budget for the M2 Program includes \$464 million for freeway improvement projects and \$166 million for the enhancement of streets and roads. Moreover, the budget earmarks \$100 million for M2 Transit Programs, which comprises \$37 million to support OC Streetcar Project and \$38 million to support regional rail services.

Contacting the OCLTA's Management

This financial report is designed to provide a general overview of the OCLTA's finances for all those with an interest in the OCLTA's finances and to demonstrate OCLTA accountability for the money it receives. Questions related to any of the information provided in this report or requests for additional information should be addressed to the Finance and Administration Division of the Orange County Transportation Authority, 550 South Main Street, P.O. Box 14184, Orange, California 92863-1584.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Statement of Net Position
June 30, 2025

<i>(amounts expressed in thousands)</i>	Governmental Activities
Assets	
Cash and investments	\$ 681,655
Receivables:	
Interest	6,866
Operating grants	57,202
Other	1,047
Due from other OCTA funds	8,848
Due from other governments	84,489
Condemnation deposits	7,883
Lease receivable	2,778
Notes receivable	1,147
Restricted cash and investments	690,261
Other assets	794
Assets held for resale	15,965
Capital assets, net:	
Nondepreciable	175,213
Depreciable	214
Total assets	1,734,362
Deferred outflows of resources	
Deferred outflows - refunding	23,004
Total deferred outflows of resources	23,004
Liabilities	
Accounts payable	71,622
Accrued interest payable	8,477
Due to other OCTA funds	8,712
Due to other governments	44,355
Unearned revenue	270
Other liabilities	71
Noncurrent liabilities:	
Due within one year	20,413
Due in more than one year	594,267
Total liabilities	748,187
Deferred inflows of resources	
Deferred inflows - leases	2,628
Total deferred inflows of resources	2,628
Net position	
Net investment in capital assets	175,370
Restricted for:	
Measure M projects	622,614
Measure M Environmental Mitigation Program	34,085
Debt service	18,306
SB 125 grant	156,176
Total net position	\$ 1,006,551

See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Statement of Activities
Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Measure M program	\$ 469,616	\$ 1,455	\$ 498,196	\$ 30,035
General revenues				
				\$ 431,843
				65,340
				(485)
				138
				<u>496,836</u>
				526,871
				479,680
				<u>\$ 1,006,551</u>

See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Balance Sheet - Governmental Funds
June 30, 2025

<i>(amounts expressed in thousands)</i>	LTA	LTA Debt Service	Total OCLTA
Assets			
Cash and investments	\$ 663,401	\$ 18,254	\$ 681,655
Receivables:			
Interest	6,814	52	6,866
Operating grants	57,202	—	57,202
Other	1,047	—	1,047
Due from other OCTA funds	8,848	—	8,848
Due from other governments	84,489	—	84,489
Condemnation deposits	7,883	—	7,883
Lease receivable	2,778	—	2,778
Notes receivable	1,147	—	1,147
Restricted investments	690,261	—	690,261
Other assets	794	—	794
Total assets	1,524,664	18,306	1,542,970
Liabilities			
Accounts payable	71,622	—	71,622
Due to other OCTA funds	8,712	—	8,712
Due to other governments	44,355	—	44,355
Unearned revenue	270	—	270
Other liabilities	71	—	71
Total liabilities	125,030	—	125,030
Deferred inflows of resources			
Deferred inflows - leases	2,628	—	2,628
Unavailable revenue - grant reimbursements	61,403	—	61,403
Unavailable revenue - reimbursements from others	5,133	—	5,133
Total deferred inflows of resources	69,164	—	69,164
Fund balances			
Nonspendable:			
Condemnation deposits	7,883	—	7,883
Other prepaid items	794	—	794
Restricted for:			
Measure M projects	1,131,532	—	1,131,532
Measure M Environmental Mitigation Program	34,085	—	34,085
Debt service	—	18,306	18,306
SB 125 grant	156,176	—	156,176
Total fund balances	1,330,470	18,306	1,348,776
Total liabilities, deferred inflows of resources and fund balances	\$ 1,524,664	\$ 18,306	\$ 1,542,970

See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Net Position (page 10) are different because:

Total fund balances (page 12)	\$	1,348,776
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		175,427
Assets held for resale are not financial resources and, therefore, are not reported in the governmental funds.		15,965
Long-term debt related liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Deferred outflows - refunding		23,004
Long-term debt and premium		(614,624)
Accrued interest payable		(8,477)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Subscription liabilities		(57)
Receivables that are measurable, but not available within the availability period, are reported as deferred inflows of resources in the governmental funds.		66,537
Net position of governmental activities (page 10)	\$	1,006,551

See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	LTA	LTA Debt Service	Total OCLTA
Revenues			
Sales tax revenues	\$ 431,843	\$ —	\$ 431,843
Contributions from other agencies	245,622	—	245,622
Contributions from other OCTA funds	231,917	—	231,917
Investment earnings	61,875	4,721	66,596
Miscellaneous	1,621	—	1,621
Total revenues	972,878	4,721	977,599
Expenditures			
Current:			
General government: supplies and services	142,492	—	142,492
Transportation:			
Contributions to other local agencies	119,733	—	119,733
Contributions to other OCTA funds	46,339	—	46,339
Capital outlay	134,598	—	134,598
Debt service:			
Principal payments on long-term debt	—	21,950	21,950
Interest	—	32,906	32,906
Bond issuance costs	816	—	816
Total expenditures	443,978	54,856	498,834
Excess (deficiency) of revenues over (under) expenditures	528,900	(50,135)	478,765
Other financing sources (uses)			
Transfers in	14,025	58,966	72,991
Transfers out	(58,966)	(14,025)	(72,991)
Proceeds from sale of capital assets	4,169	—	4,169
Bond issuance	227,565	—	227,565
Bond premium	36,413	—	36,413
Payment to refunded bond escrow agent	(267,767)	—	(267,767)
Total other financing sources (uses)	(44,561)	44,941	380
Net change in fund balances	484,339	(5,194)	479,145
Fund balances - beginning	846,131	23,500	869,631
Fund balances - ending	\$ 1,330,470	\$ 18,306	\$ 1,348,776

See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities (page 11) are different because:

Net change in fund balances - total governmental funds (page 14)	\$	479,145
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Capital assets related expenses or revenues are not included as financial resources or uses in the governmental funds.

Proceeds sale of fixed assets		(4,650)
Depreciation and amortization expense		(20)

Long-term debt related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Issuance of new debt		(263,978)
Principal and interest payments		21,950
Premium and deferred loss of refunding amortization		7,109

Revenues that are earned but not collected within the availability period have not been recognized in the governmental funds.		19,368
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Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		267,947
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Change in net position of governmental activities (page 11)	\$	526,871
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See accompanying notes to the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Notes to The Financial Statements
Year Ended June 30, 2025
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In November 1990, Orange County voters approved the Revised Traffic Improvement and Growth Management Ordinance, known as Measure M. This implemented a one-half of one percent retail transaction and use tax to fund a specific program of transportation improvements in Orange County. The Orange County Local Transportation Authority (OCLTA) is responsible for administering the proceeds of the Measure M sales tax program. The original Measure M Program (M1) commenced on April 1, 1991 for a period of 20 years.

On November 7, 2006, Orange County voters approved the renewal of Measure M for a period of 30 more years from April 1, 2011 to March 31, 2041. Renewed Measure M (M2) allocates funds to freeway, street and road, transit, and environmental improvements.

On June 20, 1991, under the authority of Senate Bill 838, the Orange County Transportation Authority (OCTA) was formed as a special district by merging several agencies and funds, including the OCLTA, a component unit of the OCTA. Accordingly, the OCLTA's financial activities are included with the financial activities of the OCTA for financial reporting purposes.

The OCTA governing board (Board) consists of 17 voting members and one non-voting member and also serves as the OCLTA governing board. Measure M requires that an 11-member Taxpayer's Oversight Committee (TOC) monitor the use of Measure M funds and ensure that all revenues collected from Measure M are spent on voter-approved transportation projects.

These financial statements include only the activities of the OCLTA, a component unit of the OCTA. These financial statements are not intended to present the activities of the OCTA.

Basis of Presentation

The OCLTA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Statements: The statement of net position and the statement of activities report information of the OCLTA. The effect of significant interfund activity has been removed from these statements. The OCLTA provides only governmental activities which are supported principally by sales tax.

The statement of activities demonstrates the degree to which the OCLTA Measure M program expenses are offset by program revenues. Program expenses include direct and indirect expenses, which are identifiable with Measure M. Interest expense related to the sales tax revenue bonds is reported as a direct expense of the Measure M program. The borrowings are considered essential to the creation or continuing existence of the Measure M program. For the fiscal year ended June 30, 2025, interest expense of \$25,797 was included in Measure M program costs. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by Measure M; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Measure M program. Taxes, investment earnings, and other items are not reported as program revenues and instead are reported as general revenues.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Fund Financial Statements: The fund financial statements provide information about the OCLTA's governmental funds. The OCLTA considers all of its Measure M funds as major governmental funds, comprised of the following:

- *Local Transportation Authority (LTA) Fund* - This special revenue fund accounts for revenues received and expenditures made for the implementation of the Orange County Traffic Improvement and Growth Management Plan. Financing is provided by a one-half percent sales and use tax assessed for 20 years pursuant to Measure M, which became effective April 1, 1991, and was renewed for an additional 30 years from April 1, 2011 to March 31, 2041. The Measure M ordinance requires that sales tax revenues only be expended on projects included in the ordinance. A decision to use the revenues for any other purpose must be put to the voters in another election. In addition to sales tax proceeds, the LTA fund is supported by other funding sources, including investment income, state and federal grants, other contributions, and miscellaneous revenues.
- *LTA Debt Service Fund* - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the OCLTA.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the OCLTA considers revenues to be available if they are collected within 90 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt of governmental funds are recorded only when payment is due.

Those revenues susceptible to accrual are sales tax collected and held by the state at year-end on behalf of the OCLTA, intergovernmental revenues and interest revenue. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the OCLTA; therefore, revenues are recognized based upon the expenditures incurred and availability criteria met. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Cash and Investments

The OCLTA maintains cash and investments in a pool with other OCTA cash and investments and in accordance with the Investment Policy (Policy) originally adopted by the Board on May 8, 1995, and most recently amended July 1, 2022. The Policy complies with, or is more restrictive than, the California Government Code (Code). Separate investment manager accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. Pooled cash and investment earnings are allocated based on average daily dollar account balances.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

OCTA holds investments that are measured at fair value on a recurring basis. OCTA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs - other than quoted prices included in Level 1 - that are observable including quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active; Level 3 inputs are unobservable inputs.

OCLTA participates in the OCTA commingled investment pool which invests in U.S. government and U.S. agency securities, medium term notes, repurchase agreements, variable and floating rate securities, mortgage and asset-backed securities, and corporate notes which are carried at fair value based on quoted prices of similar assets. In addition, OCLTA invests in money market and mutual funds and participating interest-earning investment contracts with a remaining maturity of one year or less at purchase date, which are carried at amortized cost which approximates fair value.

The Policy requires that assets in the portfolio consist of the following investments, with maximum permissible concentrations based on book value, and may be more restrictive than applicable state statutes for the following investment types: OCTA notes and bonds, U.S. treasuries, federal agencies, municipal debt, banker's acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, medium-term notes, money market and mutual funds, mortgage or asset-backed securities, supranationals, Local Agency Investment Fund (LAIF), Orange County Investment Pool (OCIP), investment pools, variable and floating rate securities, bank deposits and derivatives.

Investment of debt proceeds held by trustees are governed by provisions of the indentures for each obligation, rather than the general provisions of the California Government Code or OCTA's investment policy. The investment of these debt proceeds is in accordance with the Permitted Investments section and applicable account restrictions outlined in the indenture of each debt obligation. Under certain indentures, guaranteed investment contracts are allowed.

In addition, OCTA has restricted investments held by the California Community foundation (CCF). The amount invested in the CCF investment pool is a restricted asset as approved for funding by the OCTA Board of Directors in October of 2014. The CCF is headquartered in Los Angeles, California. CCF is a community foundation and holds a 501(c) 3 status, which meets California State Government Code requirements for community foundations. Legislation providing for OCTA to use a qualified organization to hold and manage the endowment is provided in Government Code §§65965-65968. An investment committee is responsible for oversight of the foundation's investment pools. The Endowment Pool is a diversified pool invested for long- term growth and appreciation while providing a relatively predictable stream of distributions that keeps the pace with inflation over time. The pool includes a mix of asset classes including equities, fixed income, hedge funds and real assets. The target asset allocation is approximately 50% equities, 22% fixed income, 14% hedge funds and 14% real assets.

The purpose of the agreement between CCF and OCTA is to provide for the establishment of a fund within the CCF to receive and hold M2 Environmental Mitigation Program contributions made by OCTA during the endowment funding period for use in establishing the permanent endowment pursuant to the conservation plan. OCTA is the beneficiary of the fund and, therefore, has reported a restricted asset in the financial statements. The CCF shall hold, administer, invest, and reinvest the fund in accordance with the CCF's proposal and the objectives set forth in the Scope of Work of the Request for Proposal, each of which is incorporated into the agreement by reference, and in compliance with all applicable state and federal laws, including, but not limited to, Sections 65965, 65966, 69667, and 65968 of the California Government Code and the Uniform Prudent Management of Institutional Funds Act, California Probate Code Section 18501 et seq. The agreement shall remain in place in full force and effect through December 31, 2029.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

The fair value of OCTA's investment in this pool is reported in the accompanying financial statements at amounts based upon OCTA's pro-rata share of the fair value provided by the CCF for the entire CCF portfolio (in relation to the amortized cost of that portfolio).

Due To/From Other OCTA Funds

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered and transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are reported as due to/from other funds. Any residual balances outstanding between the Measure M Program governmental activities and other OCTA funds are reported in the government-wide financial statements as due to/from other OCTA funds.

Contributions To/From Other OCTA Funds

Transfers between OCLTA and other OCTA funds are reported as program expenses and revenues in the statement of activities and as revenues and expenditures in the statement of revenues, expenditures and changes in fund balances.

Administrative Services Costs

OCTA allocates indirect costs related to administrative services from certain funds to benefiting funds. For fiscal year 2024-25, administrative services of \$31,022 were charged to the OCLTA and are reported as general government expenditures in the statement of revenues, expenditures and changes in fund balances and as program expenses in the statement of activities.

Leases

OCLTA adopted GASB Statement No. 87, Leases, effective fiscal year 2021-22. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. OCLTA is a lessor for a noncancellable lease of land. OCLTA recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, OCLTA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how OCLTA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. OCLTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the leases receivable is composed of fixed payments from the lessee.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

OCLTA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

OCLTA recognizes subscription assets (intangible right-to-use asset) and a corresponding subscription liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges OCLTA, when available, or estimated incremental borrowing rate as the discount rate for SBITAs. OCLTA recognizes amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. OCLTA recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

Assets Held for Resale

OCLTA holds title to property in connection with the purchase of rights-of-way for infrastructure not held by OCLTA. These assets are reported as assets held for resale in the governmental activities column in the government-wide financial statements except in cases in which OCLTA has entered into a sales contract prior to the issuance of the financial statements. In these cases, the assets held for resale are reported in the governmental funds financial statements. Proceeds received will be reimbursed to the fund in which the initial expenditure was recorded.

Capital Assets

Capital assets including land, right-of-way improvements, buildings and improvements, and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the OCLTA as assets with an initial, individual cost of more than \$5 and a useful life exceeding one year. OCLTA also capitalizes assets whose individual acquisition costs are less than the threshold for an individual asset, but are significant in aggregate. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Freeway construction and certain purchases of right-of-way property, for which title vests with the California Department of Transportation (Caltrans), are included in capital outlay. Infrastructure consisting primarily of freeway construction and right-of-way acquisition is not recorded as a capital asset in those instances where the OCLTA does not intend to maintain or operate the property when complete. Right-of-way improvements, which consists of a parcel where the OCLTA is the ground lease holder, is not being depreciated.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Type	Useful Life
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element; deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

OCLTA has one item reported as deferred outflow of resources. This item is a deferred outflow related to loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This item is reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. OCLTA has two types of deferred inflows, unavailable revenue which occurs only under a modified accrual basis of accounting. Accordingly, the item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for grant reimbursements and reimbursements from others. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. OCLTA also has deferred inflows related to leases, which represent value of the leases receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts in the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Contributions to Other Local Agencies

Contributions to other local agencies primarily represent sales tax revenues received by the OCLTA and disbursed to cities for competitive projects, the local fair share program, and the senior mobility program, and to other agencies for projects which are in accordance with the Measure M ordinance.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories:

- *Net investment in capital assets* - This balance reflects the net position of the OCLTA that is invested in capital assets, net of related debt. This net position is generally not accessible for other purposes.
- *Restricted net position* - This balance represents net position that is not accessible for general use because use is subject to restrictions enforceable by third parties. The OCLTA government-wide statement of net position reports net position restricted for Measure M projects, Measure M Environmental Mitigation Program, debt service, and SB 125 state grant.
- *Unrestricted net position* – This balance represents the net position that is available for general use.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the OCLTA is bound to honor constraints on the specific purposes for which amounts can be spent.

The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2025, OCLTA reported nonspendable balance for condemnation deposits and other prepaid assets.
- *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2025, OCLTA reported restricted fund balance for Measure M projects, Measure M Environmental Mitigation Program, debt service, and SB 125 state grant.
- *Committed* – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board, as the highest level of decision-making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or modifies the use through the adoption of a subsequent resolution.
- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This classification also includes residual amounts assigned for specific projects. The Board establishes and modifies assignments of fund balance through the adoption of the budget and subsequent budget amendments. The Board retains the authority to assign fund balance.

When both restricted and unrestricted resources are available for use, it is the OCLTA's policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, the OCLTA applies the default established by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, whereby the committed amounts would be reduced first followed by the assigned amounts.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2025:

Cash	\$	24
Investments		
With OCTA Commingled Investment Pool		772,447
With Trustee		565,360
With CA Community Foundation		34,085
Total investments		1,371,892
Total cash and investments	\$	1,371,916

Total cash and investments are reported in the financial statements as:

Unrestricted cash and investments	\$	681,655
Restricted cash and investments		690,261
Total cash and investments	\$	1,371,916

As of June 30, 2025, OCLTA had the following investments:

Investments	Fair Value	Interest Rate	Maturity Range	Weighted Average Maturity (Years)
OCTA Commingled Investment Pool	\$ 772,447	Refer to the OCTA Annual Comprehensive Financial Report for information related to the OCTA Commingled Investment Pool.		
Money Market Funds*	513,140	4.07% - 4.25%	07/01/2025	0.003
Commercial Paper	52,220	4.33% - 4.39%	07/07/25 - 8/22/25	0.081
CA Community Foundation Investment Fund	34,085	N/A	N/A	N/A
Total investments	\$ 1,371,892			

The Portfolio Weighted Average Maturity is 2.023 years.

* Money market funds and commercial paper are measured at amortized cost which approximates fair value.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

As of June 30, 2025, OCLTA had \$772,447 invested in the OCTA's Commingled Investment Pool (CIP). Refer to the OCTA's Annual Comprehensive Financial Report for details on valuation techniques and fair value hierarchy, interest rate risk, variable rate notes and custodial credit risk. Deposits and withdrawals in OCTA's CIP are made on the basis of \$1.00 (absolute dollars) and not fair value. Accordingly, the OCLTA's investment in OCTA's CIP at June 30, 2025 is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

As of June 30, 2025, OCLTA had \$34,085 invested in the CA Community Foundation (CCF) investment fund. The amount invested is valued using significant unobservable inputs and, therefore, classified as Level 3. Unobservable inputs used by CCF include the foundations own assumptions, market comparable rates, capitalization and occupancy rates.

Credit Risk

The Policy sets minimum acceptable credit ratings for investments from any of the three NRSROs: Standard & Poor's (S&P), Moody's Investor Service (Moody's), and Fitch Rating's (Fitch).

For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A" by an NSRSO.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2025 (NR means Not Rated, US means obligation of the United States (U.S.) government or obligations explicitly guaranteed by the U. S. government):

Investments	S&P	Moody's	% of OCLTA's Portfolio
OCTA Commingled Investment Pool	NR	NR	56.31 %
Money Market Funds	AAA	Aaa	37.40 %
Commercial Paper	A-1	P-1	3.81 %
CA Community Foundation Investment Fund	NR	NR	2.48 %
Total			100.00 %

3. DUE FROM/TO OTHER GOVERNMENTS

Amounts due from other governments as of June 30, 2025 in the fund financial statements are \$84,489 which comprised of sales tax and project reimbursements.

Amounts due to other governments as of June 30, 2025 are \$44,355 for transportation projects.

4. RELATED PARTY AND INTERFUND TRANSFERS

Related Party Transactions

As of June 30, 2025, OCLTA has \$8,848 receivable from other OCTA funds which is related to SR-91 Improvement Project.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

As of June 30, 2025, OCLTA owes \$8,712 to other OCTA funds as follows:

	Amount	Description
General Capital Project	\$ 5,946	OC Streetcar project
OCUTT	88	Placentia loan
OCTD	2,678	Irvine Connect and iShuttle service
Total due to other funds	\$ 8,712	

Contributions from Other OCTA Funds

During fiscal year 2024-25, OCLTA received contributions from the following funds:

	Amount	Description
OCTD	\$ 1,788	State of Good Repair program
General Capital Project	149,841	OC Streetcar project
91 EL	8,116	Freeway Project I and J
405 EL	72,172	TIFIA loan allocation for general purpose lanes construction expenses
Total contributions from other funds	\$ 231,917	

Contributions to Other OCTA Funds

During fiscal year 2024-25, OCLTA made contributions to the following funds:

	Amount	Description
General Capital Project	\$ 27,548	OC Streetcar project
SAFE	4,910	Freeway service patrol and emergency roadside program
OCTD	12,583	Irvine Connect, iShuttle service, M2 Fare Stabilization, and M2 Senior Mobility Program
OC Streetcar	1,298	OC Streetcar project
Total contributions to other funds	\$ 46,339	

Interfund Transfers

During fiscal year 2024-25, the LTA fund transferred \$58,966 to the LTA Debt Service fund for debt service payments. Additionally, the LTA Debt Service fund transferred \$14,025 in excess interest earnings to the LTA fund.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

5. CAPITAL ASSETS

Capital assets activity for the OCLTA governmental activities for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 167,913	\$ —	\$ —	\$ 167,913
Right-of-way improvements	7,300	—	—	7,300
Total capital assets, not being depreciated	175,213	—	—	175,213
Capital assets, being depreciated:				
Buildings and improvements	—	158	—	158
Machinery and equipment	15	—	(15)	—
Subscription assets - SBITA	—	76	—	76
Total capital assets, being depreciated	15	234	(15)	234
Less accumulated depreciation for:				
Buildings and improvements	—	(3)	—	(3)
Machinery and equipment	(15)	—	15	—
Subscription assets - SBITA	—	(17)	—	(17)
Total accumulated depreciation	(15)	(20)	15	(20)
Total capital assets, being depreciated, net	—	214	—	214
Total capital assets, net	\$ 175,213	\$ 214	\$ —	\$ 175,427

6. LEASES

OCLTA adopted GASB Statement No. 87, Leases, effective fiscal year 2021-22. Under this Statement, OCTA, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, OCTA is required to recognize a lease receivable and a deferred inflow of resources.

OCLTA is a lessor in several lease agreements for the use of land. For the year ended June 30, 2025, the lease receivable and deferred inflow of resources associated with these leases were \$2,778 and \$2,628, respectively. OCLTA recognized lease revenues of \$534 during the fiscal year.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Remaining receivables associated with these leases are as follows:

Year ending June 30,	Principal	Interest	Total
2026	\$ 433	\$ 74	\$ 507
2027	462	62	524
2028	492	49	541
2029	331	35	366
2030	351	25	376
2031-2035	704	19	723
2036-2040	5	—	5
Total lease receivable	\$ 2,778	\$ 264	\$ 3,042

7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

OCLTA adopted GASB Statement No. 96, SBITAs, effective fiscal year 2022-23. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

In fiscal year 2024-25, OCLTA recorded subscription payable comprised of one agreement, which OCLTA is a lessee for the use of IT arrangements. As of June 30, 2025, OCTA has a subscription liability in the amount of \$56. The value of the right-to-use subscription assets as of the end of the current fiscal year is \$76 with accumulated amortization of \$17.

The following is a schedule of future minimum subscription liabilities as of June 30, 2025:

Year ending June 30,	Principal	Interest	Total
2026	\$ 18	\$ 2	\$ 20
2027	19	1	20
2028	19	1	20
Total subscription liabilities	\$ 56	\$ 4	\$ 60

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

8. LONG-TERM DEBT

Sales Tax Revenue Bonds

On December 23, 2010, OCLTA issued \$293,540 of Measure M2 Sales Tax Revenue Bonds, 2010 Series A (Taxable Build America Bonds) and \$59,030 of 2010 Series B (Tax-Exempt Bonds), to finance transportation projects, restructure the Tax-Exempt Commercial Paper Program, and fund capitalized interest and issuance costs. A total of \$75,000 was used to retire outstanding commercial paper.

On February 26, 2019, OCLTA issued \$376,690 of Measure M2 Sales Tax Revenue Bonds, Series 2019, to finance the I-405 Improvement Project, refund \$43,540 of the 2010 Series A Bonds, and pay issuance costs. The refunding generated net present value savings of \$2,584.

On March 26, 2025, OCLTA issued \$227,565 of Measure M2 Sales Tax Revenue Refunding Bonds, Series 2025, to refund all outstanding 2010 Series A Bonds under the extraordinary optional redemption provision. The refunding generated gross cumulative cash flow savings of \$13,002 and net present value savings of \$10,505.

The OCLTA's outstanding sales tax revenue bonds are limited obligations of the Authority, payable solely from pledged Measure M2 sales tax revenues, and contain a provision that, in the event of default, bondholders may seek legal remedies to compel the OCLTA to cure the default, which could have finance-related consequences. The sales tax revenue bonds are rated AA+ by Fitch and AAA by Standard & Poor's.

A summary of the bonds outstanding is as follows:

	2019 Series B		2025 Series		Total
	(Tax-Exempt Bonds)		(Limited Tax Bonds)		
Issuance date	2/12/2019		3/4/2025		
Original issue amount	\$ 376,690	\$	227,565	\$	604,255
Original issue premium	69,342		36,413		105,755
Net bond proceeds	\$ 446,032	\$	263,978	\$	710,010
Issuance costs	\$ 970	\$	490	\$	1,460
Interest rates	3.00%-5.00%		6.908%		
Maturity range	2021-2041		2026-2041		
Final maturity	2041		2041		
Bonds outstanding	\$ 301,885	\$	227,565	\$	529,450
Plus unamortized premium	49,360		35,814		85,174
Total long-term debt	\$ 351,245	\$	331,962	\$	614,624

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

Annual debt service requirements on the sales tax revenue bonds as of June 30, 2025, are as follows:

Year Ending June 30,	Principal		Interest	
2026	\$	20,395	\$	24,847
2027		23,650		25,123
2028		24,835		23,940
2029		26,075		22,699
2030		27,380		21,395
2031-2035		158,800		85,074
2036-2041		248,315		44,333
Total	\$	529,450	\$	247,411

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Sales tax revenue bonds	\$ 569,315	\$ 227,565	\$ (267,430)	\$ 529,450	\$ 20,395
Unamortized premium	52,512	36,412	(3,750)	85,174	—
Total long-term debt	\$ 621,827	\$ 263,977	\$ (271,180)	\$ 614,624	\$ 20,395

Pledged Revenue

OCLTA has debt issuances outstanding that are repaid and secured by the pledging of certain revenues. For the year ended June 30, 2025, debt service payments in relation to the pledged gross revenue net of the local fair share program and other expenses as required by the debt agreement, are indicated in the following table:

	Annual Amount of Net Pledged Revenue	Annual Debt Service Payments	Pledged Revenue Coverage
Measure M2 net sales tax revenues	\$ 335,762	\$ 54,856	6.12

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to The Financial Statements

Year Ended June 30, 2025

(in thousands)

9. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The OCLTA has various long-term outstanding contracts that extend over several years and rely on future years' revenues. Total commitments at June 30, 2025 were \$1,119,434, the majority of which relate to the expansion of Orange County's freeways and street and road projects.

Federal Grants

The OCLTA receives federal grants for transportation projects and other reimbursable activities which are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on the OCLTA's financial position or changes in financial position.

10. EFFECT OF NEW PRONOUNCEMENTS

GASB Statement No. 101 – Compensated Absences

In June 2022, GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better align the recognition and measurement of compensated absences with the definitions of liabilities and accounting principles established in the GASB Conceptual Framework. The Statement requires governments to recognize a liability for compensated absences when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid to employees. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 102 – Certain Risk Disclosures

In April 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide financial statement users with essential information about risks that could affect a government's ability to meet its obligations. Specifically, it requires disclosures related to certain concentrations and constraints that limit a government's ability to raise resources or reduce spending, if those risks are known to the government prior to the issuance of the financial statements, are currently vulnerable to the risk, and it is at least reasonably possible that an event associated with the risk could occur in the near term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of this Statement did not have a material effect on the financial statements.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Required Supplementary Information
Budgetary Comparison Schedule - LTA Fund (Budgetary Basis)
Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Sales tax revenues	\$ 441,875	\$ 441,875	\$ 431,843	\$ (10,032)
Contributions from other agencies	152,502	152,502	254,830	102,328
Contributions from other OCTA funds	55,040	55,040	231,917	176,877
Investment earnings	41,376	41,376	61,875	20,499
Miscellaneous	1,444	1,444	1,621	177
Total revenues	692,237	692,237	982,086	289,849
Expenditures				
Current:				
General government: supplies and services	218,115	218,861	176,592	42,269
Transportation:				
Contributions to other local agencies	214,082	213,006	119,742	93,264
Contributions to other OCTA funds	125,000	125,000	46,339	78,661
Capital outlay	431,484	540,180	217,662	322,518
Debt service:				
Bond issuance costs	—	—	816	(816)
Total expenditures	988,681	1,097,047	561,151	535,896
Excess (deficiency) of revenues over (under) expenditures	(296,444)	(404,810)	420,935	825,745
Other financing sources (uses)				
Transfers in	52,505	52,505	14,025	(38,480)
Transfers out	(54,874)	(54,874)	(58,966)	(4,092)
Proceeds from sale of capital assets	1,883	1,883	4,169	2,286
Bond issuance	—	—	227,565	227,565
Bond premium	—	—	36,413	36,413
Payment to refunded bond escrow agent	—	—	(267,767)	(267,767)
Total other financing uses	(486)	(486)	(44,561)	(44,075)
Net change in fund balances	\$ (296,930)	\$ (405,296)	\$ 376,374	\$ 781,670
Reconciliation to GAAP:				
Net change in fund balance (budgetary basis)			\$ 376,374	
Less: Estimated revenues for encumbrances outstanding at June 30			9,208	
Add: Current year encumbrances outstanding at June 30			117,173	
Net change in fund balance (GAAP basis)			\$ 484,339	

See accompanying notes to the required supplementary information.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Notes to Required Supplementary Information
Year Ended June 30, 2025
(in thousands)

Budgetary Data

The OCLTA establishes accounting control through formal adoption of an annual operating budget for the LTA and the debt service governmental funds. The budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP) except for multi-year contracts, for which the entire amount of the contract is budgeted and encumbered in the year of execution. The adopted budget can be amended by the Board to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Division heads are authorized to approve appropriation transfers within major objects subject to approval by the Finance and Administration Division. Major objects are defined as Salaries and Benefits, Supplies and Services and Capital Outlay. Supplies and Services includes Contributions to Other Local Agencies, Debt Service and Transfers. Appropriation transfers between major objects require approval of the Board. Accordingly, the legal level of budgetary control, that is the level that expenditures cannot exceed appropriations, for budgeted funds, is at the major object level for the budgeted governmental funds. A Fourth Quarter Budget Status Report, June 2025 is available from the OCTA Finance and Administration Division. With the exception of accounts which have been encumbered, appropriations lapse at year end.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
(A Component Unit of the Orange County Transportation Authority)
Other Supplementary Information
Budgetary Comparison Schedule - LTA Debt Service Fund (Budgetary Basis)
Year Ended June 30, 2025

<i>(amounts expressed in thousands)</i>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 6,658	\$ 6,658	\$ 4,721	\$ (1,937)
Total revenues	6,658	6,658	4,721	(1,937)
Expenditures				
Debt service:				
Principal payments on long-term debt	21,950	21,950	21,950	—
Interest on long-term debt	32,924	32,924	32,906	18
Total expenditures	54,874	54,874	54,856	18
Deficiency of revenues under expenditures	(48,216)	(48,216)	(50,135)	(1,919)
Other financing sources (uses)				
Transfers in	54,874	54,874	58,966	4,092
Transfers out	(6,658)	(6,658)	(14,025)	(7,367)
Total other financing sources	48,216	48,216	44,941	(3,275)
Net change in fund balances	\$ —	\$ —	\$ (5,194)	\$ (5,194)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Orange County Local Transportation Authority (OCLTA), a component unit of the Orange County Transportation Authority (OCTA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise OCLTA's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OCLTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCLTA's internal control. Accordingly, we do not express an opinion on the effectiveness of OCLTA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether OCLTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Costa Mesa, California
October 31, 2025

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES RELATED TO
ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION

For the fiscal year ended June 30, 2025

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below on the Appropriations Limit Calculations Worksheet (Worksheet) of the Orange County Local Transportation Authority ("OCLTA" or "Authority") as of June 30, 2025. OCLTA's management is responsible for the preparation of the Worksheet.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures performed and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish OCLTA's appropriations limit and compared the 2024-2025 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of OCLTA's Board of Directors. We compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of OCLTA's Board of Directors.

Finding: No exceptions were noted as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2024-2025 appropriations limit.

Finding: No exceptions were noted as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

Finding: No exceptions were noted as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by OCLTA's Board of Directors.

Finding: No exceptions were noted as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and slightly slanted to the right.

Crowe LLP

Costa Mesa, California
October 31, 2025

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
APPROPRIATIONS LIMIT CALCULATIONS WORKSHEET
Year ended June 30, 2025

	<u>Amount</u>	<u>Source</u>
A. Last year's limit	\$ 2,210,761,786	
B. Adjustment factors:		
1. Population change	1.0362	State Finance
2. Per capita change	1.0031	State Finance
Total adjustments [(B.1 × B.2) – 1.0]	0.03940	
C. Annual adjustment	<u>87,104,014</u>	A × B
D. This year's limit	<u>\$ 2,297,865,800</u>	A + C

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2025

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

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

Year Ended June 30, 2025

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Attachment A on the Measure M2 Status Report of the Authority. The Orange County Local Transportation Authority ("OCLTA" or "Authority") and the Taxpayers' Oversight Committee of the Authority ("TOC") (the specified parties) are responsible for the Measure M2 Status Report.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the Authority. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are contained in Attachment A.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Measure M2 Status Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority and the TOC and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
December 12, 2025

(Continued)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS
Year ended June 30, 2025

The procedures and associated findings are as follows:

The Measure M2 Status Report is separated into three sections: Section A describes the procedures applied to Schedule 1; Section B describes the procedures applied to Schedule 2; and Section C describes the 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, 2025 amounts (Column A) to the audited trial balances of the OCLTA Special Revenue Fund (Fund 17) and the OCLTA Debt Service Fund (Fund 72) and additional detailed information from the underlying accounting records.
2. Compared Period from Inception to June 30, 2025 amounts (Column B) by adding the prior year's Period from Inception through June 30, 2024 amounts with the Year to Date June 30, 2025 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, 2025 (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, 2025 (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, 2025 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related, and other non-project related amounts, we compared the total of the amounts allocated to Revenues and to Bond Revenues at June 30, 2025 (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 through June 30, 2025 (Column I) and Total Net Revenues (Column H) amounts to Schedule 2, Column D.1 and Column F.1, Net Revenues (Totals), respectively.
2. Recalculated Net Revenues through June 30, 2025 (Column I) and Total Net Revenues (Column H) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
3. Reconciled Expenditures through June 30, 2025 (Column J) 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, 2025. Agreed Column J, by project description, to the project job ledger by fiscal year.

(Continued)

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
APPENDIX A – SCHEDULE OF PROCEDURES AND FINDINGS
Year ended June 30, 2025

4. Selected a sample of 40 expenditures from Column J and compared them to invoices and supporting documentation to determine whether the sampled expenditures were properly accrued and classified.
5. Agreed Reimbursements through June 30, 2025 (Column K) to Schedule 1, Column B. Agreed Oversight and Annual Audits line item to summary of Measure M2 administrative costs through June 30, 2025.
6. Agreed Column K to the supporting revenue summary by project and fiscal year. Selected a sample of 40 reimbursements from Column K and agreed them to supporting invoices and remittance advices to determine whether the sampled reimbursements were properly calculated.
7. Recalculated the net M2 cost (Column L) by subtracting Column K from Column J.
8. Recalculated Revenues through June 30, 2025 (Column I.1) and the Total Revenues (Column H.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.
9. Recalculated Revenues through June 30, 2025 (Column I.1) and the Total Revenues (Column H.1) for Collect Sales Taxes (1.5% of sales taxes) by multiplying Sales Taxes per Schedule 2, Column F.1 and Column D.1 by 1.5%.
10. Re-computed total and subtotals.

Results: No exceptions were found as a result of these procedures.

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of June 30, 2025
(Unaudited)

(\$ in thousands)	Quarter Ended Apr 1, 2025 - June 30, 2025	Year to Date Jul 1, 2024 - June 30, 2025 (A)	Period from Inception to June 30, 2025 (B)
Revenues:			
Sales taxes	\$ 106,109	\$ 431,843	\$ 4,804,313
Other agencies' share of Measure M2 costs:			
Project related	(794)	35,644	896,068
Non-project related	-	-	454
Interest:			
Operating:			
Project related	856	2,957	10,059
Non-project related	14,215	39,738	153,006
Bond proceeds	-	3,624	104,570
Debt service	145	1,097	4,166
Commercial paper	-	-	393
Right-of-way leases:			
Project related	45	377	2,094
Non-project related	-	-	17
Proceeds on sale of assets held for resale	4,169	4,169	17,597
Donated assets held for resale:			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	(4)	(4)	125
Total revenues	<u>124,741</u>	<u>519,445</u>	<u>5,995,264</u>
Expenditures:			
Supplies and services:			
Sales tax administration fees	762	3,072	45,304
Professional services:			
Project related	23,874	43,132	622,708
Non-project related	1,207	2,289	42,153
Administration costs:			
Project related	2,777	12,825	143,436
Non-project related:			
Salaries and Benefits	1,203	4,716	49,573
Other	2,621	9,208	85,445
Other:			
Project related	733	1,127	7,915
Non-project related	31	924	6,383
Payments to local agencies:			
Project related	41,996	119,363	1,547,713
Capital outlay:			
Project related	83,272	129,950	2,531,346
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	21,950	138,355
Interest on long-term debt and commercial paper	-	32,906	386,436
Total expenditures	<u>158,476</u>	<u>381,462</u>	<u>5,606,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,735)</u>	<u>137,983</u>	<u>388,466</u>
Other financing sources (uses):			
Transfers out:			
Project related	(140,665)	(97,204)	(833,109)
Transfers in:			
Project related	76,526	230,130	594,518
Bond proceeds	-	263,978	1,068,603
Payment to refunded bond escrow agent	-	(267,767)	(312,829)
Total other financing sources (uses)	<u>(64,139)</u>	<u>129,137</u>	<u>517,183</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (97,874)</u>	<u>\$ 267,120</u>	<u>\$ 905,649</u>

Measure M2
Schedule of Calculations of Net Revenues and Net Financing Expenditures
as of June 30, 2025
(Unaudited)

(\$ in thousands)	Quarter Ended Apr 1, 2025 - June 30, 2025 (actual)	Year to Date Jul 1, 2024 - June 30, 2025 (actual) (C.1)	Period from Inception through June 30, 2025 (actual) (D.1)	Period from July 1, 2025 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 106,109	\$ 431,843	\$ 4,804,313	\$ 9,138,395	\$ 13,942,708
Operating interest	14,215	39,738	153,006	640,149	793,155
Subtotal	<u>120,324</u>	<u>471,581</u>	<u>4,957,319</u>	<u>9,778,544</u>	<u>14,735,863</u>
Other agencies share of M2 costs	-	-	454	-	454
Right-of-way leases	-	-	17	-	17
Miscellaneous	(4)	(4)	125	-	125
Total revenues	<u>120,320</u>	<u>471,577</u>	<u>4,957,915</u>	<u>9,778,544</u>	<u>14,736,459</u>
Administrative expenditures:					
Sales tax administration fees	762	3,072	45,304	70,633	115,937
Professional services	1,207	2,289	38,378	72,301	110,679
Administration costs:					
Salaries and Benefits	1,203	4,716	49,573	94,084	143,657
Other	2,621	9,208	85,445	161,100	246,545
Other	31	108	2,547	4,894	7,441
Capital outlay	-	-	31	-	31
Environmental cleanup	2,011	3,440	55,509	182,739	238,248
Total expenditures	<u>7,835</u>	<u>22,833</u>	<u>276,787</u>	<u>585,751</u>	<u>862,538</u>
Net revenues	<u>\$ 112,485</u>	<u>\$ 448,744</u>	<u>\$ 4,681,128</u>	<u>\$ 9,192,793</u>	<u>\$ 13,873,921</u>
Financing expenditures:					
Debt interest expenditure	-	32,906	386,436	299,245	685,681
Professional services	-	-	3,775	-	3,775
Other	-	816	3,836	-	3,836
Total financing expenditures	<u>-</u>	<u>33,722</u>	<u>394,047</u>	<u>299,245</u>	<u>693,292</u>
Interest revenue:					
Interest revenue from bond proceeds	-	3,624	104,570	52,263	156,833
Interest revenue from debt service funds	145	1,097	4,166	12,697	16,863
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>145</u>	<u>4,721</u>	<u>109,129</u>	<u>64,960</u>	<u>174,089</u>
Net financing expenditures:	<u>\$ (145)</u>	<u>\$ 29,001</u>	<u>\$ 284,918</u>	<u>\$ 234,285</u>	<u>\$ 519,203</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2025
(Unaudited)

Project	Description	Total Net Revenues	Net Revenues	Expenditures	Reimbursements	(J) - (K) = (L)
		Inception to March 31, 2041 (actual) + (forecast)	Inception to June 30, 2025 (actual)	Inception to June 30, 2025 (actual)	Inception to June 30, 2025 (actual)	Net M2 Cost Inception to June 30, 2025 (actual)
(G)		(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 546,842	\$ 184,507	\$ 10,908	\$ 8,786	\$ 2,122
B	I-5 Santa Ana/SR-55 to El Toro	349,281	117,849	63,986	24,014	39,972
C	I-5 San Diego/South of El Toro	729,511	246,140	459,053	53,044	406,009
D	I-5 Santa Ana/San Diego Interchange Upgrades	300,182	101,283	3,249	527	2,722
E	SR-22 Garden Grove Freeway Access Improvements	139,619	47,108	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	425,839	143,680	182,618	75,416	107,202
G	SR-57 Orange Freeway Improvements	300,996	101,557	61,024	15,078	45,946
H	SR-91 Improvements from I-5 to SR-57	162,889	54,960	34,961	824	34,137
I	SR-91 Improvements from SR-57 to SR-55	484,595	163,505	80,202	77,413	2,789
J	SR-91 Improvements from SR-55 to County Line	409,783	138,263	18,666	17,181	1,485
K	I-405 Improvements between I-605 to SR-55	1,248,197	421,149	1,711,194	380,111	1,331,083
L	I-405 Improvements between SR-55 to I-5	371,969	125,504	9,249	6,954	2,295
M	I-605 Freeway Access Improvements	23,270	7,851	9,769	16	9,753
N	All Freeway Service Patrol	174,524	58,885	16,984	-	16,984
	Freeway Mitigation	298,289	100,644	64,005	10,907	53,098
	Subtotal Projects	5,965,786	2,012,885	2,725,873	670,271	2,055,602
	Net Finance Expenditures	-	-	195,569	-	195,569
	Total Freeways	\$ 5,965,786	\$ 2,012,885	\$ 2,921,442	\$ 670,271	\$ 2,251,171
	%					51.2%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 1,387,409	\$ 468,119	\$ 841,360	\$ 507,884	\$ 333,476
P	Regional Traffic Signal Synchronization Program	554,939	187,239	140,170	29,393	110,777
Q	Local Fair Share Program	2,497,306	842,603	819,281	77	819,204
	Subtotal Projects	4,439,654	1,497,961	1,800,811	537,354	1,263,457
	Net Finance Expenditures	-	-	57,302	-	57,302
	Total Street and Roads Projects	\$ 4,439,654	\$ 1,497,961	\$ 1,858,113	\$ 537,354	\$ 1,320,759
	%					30.1%

Measure M2
Schedule of Revenues and Expenditures Summary
as of June 30, 2025
(Unaudited)

Project	Description	Total Net Revenues		Expenditures	Reimbursements	(J) - (K) = (L) Net M2 Cost
		Inception to March 31, 2041	Inception to June 30, 2025			
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
Transit Projects (25% of Net Revenues)						
R	High Frequency Metrolink Service	\$ 1,383,718	\$ 454,285	\$ 523,872	\$ 100,061	\$ 423,811
S	Transit Extensions to Metrolink	1,224,746	413,235	303,205	151,974	151,231
T	Metrolink Gateways	70,913	42,281	98,220	60,956	37,264
U	Expand Mobility Choices for Seniors and Persons with Disabilities	481,080	156,552	152,154	88	152,066
V	Community Based Transit/Circulators	277,405	93,598	24,455	1,697	22,758
W	Safe Transit Stops	30,619	10,331	2,128	26	2,102
	Subtotal Projects	3,468,481	1,170,282	1,104,034	314,802	789,232
	Net Finance Expenditures	-	-	32,047	-	32,047
	Total Transit Projects	\$ 3,468,481	\$ 1,170,282	\$ 1,136,081	\$ 314,802	\$ 821,279
	%					18.7%
Measure M2 Program		\$ 13,873,921	\$ 4,681,128	\$ 5,915,636	\$ 1,522,427	\$ 4,393,209
Project	Description	Total Revenues		Expenditures	Reimbursements	Net M2 Cost
		Inception to March 31, 2041	Inception to June 30, 2025			
(G)	(H.1)	(I.1)	(J)	(K)	(L)	
(\$ in thousands)						
Environmental Cleanup (2% of Revenues)						
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 294,717	\$ 99,146	\$ 55,509	\$ 311	\$ 55,198
	Net Finance Expenditures	-	-	-	-	-
	Total Environmental Cleanup	\$ 294,717	\$ 99,146	\$ 55,509	\$ 311	\$ 55,198
	%					1.1%
Taxpayer Safeguards and Audits						
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 209,141	\$ 72,065	\$ 45,304	\$ -	\$ 45,304
	%					0.9%
	Oversight and Annual Audits (1% of Revenues)	\$ 147,359	\$ 49,573	\$ 49,573	\$ (0)	\$ 49,573
	%					1.0%

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2025

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 for 20 years. On November 7, 2006, 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 M2 sales tax program, which commenced on April 1, 2011 for a period of 30 years. The M1 sales tax program was completed and closed out in June 2015.

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, 2025 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, 2025 (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, 2025. 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 \$267,120 agrees with the combined change in fund balances of \$272,314 in the M2 special revenue fund and \$(5,194) in the M2 debt service fund in the trial balance for the year ended June 30, 2025.

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

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2025

Period from Inception through June 30, 2025 (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, 2025. 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 \$905,649 agrees with the combined ending fund balances of \$887,343 in the M2 special revenue fund and \$18,306 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2025.

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

Schedule 2—Schedule of Calculations of Net Revenues and Net Financing Expenditures

This schedule presents calculations of net revenues and net financing expenditures, 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 to Date June 30, 2025 (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, 2025. Revenues, administrative expenditures, and capital outlay for the year ended June 30, 2025 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 sales tax administration 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, 2025

Period from Inception through June 30, 2025 (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, 2025. Revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2025 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, 2025 are presented in Schedule 3 as “Net Revenues through June 30, 2025” (Column I). 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 sales tax administration 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, 2025 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, 2025 through March 31, 2041. Revenues and administrative expenditures for subsequent years from July 1, 2025 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, 2025 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 sales tax administration 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 H).

Calculation of Net Financing Expenditures

Year to Date June 30, 2025 (actual) (Column C.2)

This column presents Net financing expenditures, consisting of financing expenditures less bond revenues, for year ended June 30, 2025. Bond revenues and financing expenditures for the year ended June 30, 2025 were obtained from Column A in Schedule 1. Bond revenues and financing expenditures utilized in the calculation of net financing expenditures are non-project and non-operating related. Bond revenues consist of interest revenue from bond proceeds and debt service funds.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2025

Financing expenditures consist of debt interest expenditure. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

Period from Inception through June 30, 2025 (actual) (Column D.2)

This column presents Net financing expenditures, consisting of financing expenditures less bond revenues, for the period from inception through June 30, 2025. Bond revenues and financing expenditures for the period from inception through June 30, 2025 were obtained from Column B in Schedule 1. Bond revenues and financing expenditures utilized in the calculation of net financing expenditures are non-project and non-operating related. Bond revenues consist of interest revenues from bond proceeds, debt service funds, and commercial paper. Financing expenditures consist of debt interest expenditure, professional services, and other interest expenditure. 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, 2025 through March 31, 2041 (forecast) (Column E.2)

This column presents Net financing expenditures, consisting of projected financing expenditures less projected bond revenues, for subsequent years from July 1, 2025 through March 31, 2041. Bond revenues and financing expenditures for subsequent years from July 1, 2025 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model. Bond revenues and financing expenditures utilized in the calculation of net financing expenditures are non-project and non-operating related. Bond revenues consist of interest revenues from bond proceeds and debt service funds. Financing expenditures consist of debt interest expenditure.

Total (Column F.2)

This column presents total net financing expenditures, calculated as the sum of columns D.2 and E.2.

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, 2025

Total Net Revenues Inception to March 31, 2041 (actual) + (forecast) (Column H)

This column presents total actual and projected net revenues (total net revenues) during the life of M2, which agrees 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.

Net Revenues Inception to June 30, 2025 (actual) (Column I)

This column presents total M2 program net revenues for the period from inception through June 30, 2025, 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.

Expenditures Inception to June 30, 2025 (actual) (Column J)

This column presents total expenditures plus net financing expenditures. Total expenditures, excluding oversight and annual audit expenditures, agree with the sum of project related expenditures including 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 financing expenditures agrees with the total net financing 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.

Reimbursements Inception to June 30, 2025 (actual) (Column K)

This column presents total reimbursements for the period from inception through June 30, 2025, 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, operating interest, right-of-way leases, proceeds on sale of assets held for resale, donated assets held for resale, 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.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2025

Net M2 Cost Inception to June 30, 2025 (actual) (Column L)

Net M2 cost is a calculation of Column J minus Column K. 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.

Total Revenues Inception to March 31, 2041 (actual) + (forecast) (Column H.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

Revenues Inception to June 30, 2025 (actual) (Column I.1)

The total environmental cleanup revenue for the period from inception through June 30, 2025, 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, 2025, 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, 2025, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE M2 ORDINANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Orange County Local Transportation Authority
Orange, California

Report on Compliance with the Measure M2 Ordinance

We have audited Orange County Local Transportation Authority's ("OCLTA") compliance with the types of requirements described in the Orange County Local Transportation Authority, Ordinance No. 3 (the "Ordinance" or "M2 Ordinance"), that could have a direct and material effect on OCLTA's compliance with the Ordinance for the year ended June 30, 2025.

In our opinion, OCLTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Ordinance for the year ended June 30, 2025.

Basis for Opinion on the Ordinance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Ordinance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of OCLTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of OCLTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Ordinance.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on OCLTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Ordinance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(Continued)

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about OCLTA's compliance with the requirements of the Ordinance.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Ordinance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding OCLTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of OCLTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance, but not for the purpose of expressing an opinion on the effectiveness of OCLTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Ordinance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Ordinance will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Ordinance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Ordinance. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Costa Mesa, California
April 15, 2026

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

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

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

The city of Buena Park was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2025.

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Buena Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain a copy of the City's FY25 Annual Comprehensive Financial Report and determine whether it reflects an unmodified opinion per Independent Auditor's report.

Findings: We obtained the City of Buena Park's FY25 Annual Comprehensive Financial Report and found that the independent auditor issued an unmodified opinion on the City's ACFR.

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

Findings: The MOE expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its MOE expenditures in its General Fund (11) and State Tax Fund (24). The City identified MOE expenditures within the funds by a six-digit activity number. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the City met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, Line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$5,226,204 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,778,989. We agreed the total expenditures of \$5,226,204 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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

Findings: We selected 37 direct MOE expenditures totaling \$2,326,503, which represented approximately 50% of direct MOE expenditures of \$4,614,598 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

5. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. We agreed \$611,606 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$310,626, which represented approximately 51% of indirect MOE expenditures. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included building and vehicle maintenance fees. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based on a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (25) followed by a six-digit activity number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$797,573, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected two Measure M2 Local Fair Share direct expenditures for inspection totaling \$658,928 representing approximately 83% of total Measure M2 direct Local Fair Share expenditures of \$797,573 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified two missing projects (Los Coyotes Rehabilitation Project – CP-12754 and Caballero Boulevard Pavement Rehabilitation Project – CP-12753) in the City's current Seven-Year CIP. We confirmed that the projects were included in prior year's Seven-Year CIPs' but not rolled forward to the current year. The City amended the 2024-25 Seven-Year CIP project list, with City Council approval received on February 10, 2026. No other exceptions were found as a result of this procedure.

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

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

(Continued)

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

Crowe LLP

Crowe LLP

Costa Mesa, California
April 7, 2026

CITY OF BUENA PARK, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 611,606
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 1,030,358
Total Construction	<u>\$ 1,030,358</u>
Maintenance	
Street Lights & Traffic Signals	\$ 1,371,105
Other Street Purpose Maintenance	1,019,266
Other Street Purpose Maintenance - Pavement	1,193,869
Total Maintenance	<u>\$ 3,584,240</u>
Total MOE Expenditures	<u><u>\$ 5,226,204</u></u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Regio Avenue Pavement Rehabilitation	\$ 388,480
Knott Ave Pavement Rehabilitation, La Palma to Artesia Blvd	35,000
Dale Street Pavement Rehabilitation, SR91-Crescent	270,447
Los Coyotes Pavement Rehabilitation, Beach to Country Club Dr.	103,245
Caballero Pavement Rehabilitation, Valley View to Regio	400
Total Measure M2 Local Fair Share Expenditures	<u>\$ 797,573</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,023,777</u></u>

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

April 7, 2026

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Buena Park as of and for the fiscal year ended June 30, 2025.

Procedure #7

Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

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

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected two Measure M2 Local Fair Share direct expenditures for inspection totaling \$658,928 representing approximately 83% of total Measure M2 direct Local Fair Share expenditures of \$797,573 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified two missing projects (Los Coyotes Rehabilitation Project – CP-12754 and Caballero Boulevard Pavement Rehabilitation Project – CP-12753) in the City's current year Seven-Year CIP. We confirmed that the projects were included in prior year's Seven-Year CIPs' but not rolled forward to the current year. The City amended the 2024-25 Seven-Year CIP project list, with City Council approval received on February 10, 2026. No other exceptions were found as a result of this procedure.

City's Response:

Upon identification of the issue, City staff promptly coordinated a meeting with staff from the OCTA. Under the OCTA's guidance, City staff prepared and presented an amended eligibility project list to the City Council for approval. The amended FY 24/25 project list was subsequently submitted on February 12, 2026 and has been accepted by OCTA.

Both projects were originally reported to OCTA under the FY 23/24 eligible project list, and corresponding funds were budgeted within that same fiscal year. Following a transition in staff responsible for Measure M2 LFS eligibility reporting, the projects were not included in the FY 24/25 eligibility list. This omission occurred because no additional budget allocations for both projects were anticipated at that time, and staff

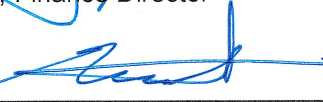
was not aware that ongoing projects with continuing expenditures must remain on the eligibility list. City staff has since received clarification and now understands the requirement to include all active projects with ongoing expenditures in future eligibility reporting.



Aaron France, City Manager



Sung Hyun, Finance Director



Mina Mikhael, Public Works Director

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF HUNTINGTON BEACH**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 LOCAL FAIR SHARE
CITY OF HUNTINGTON BEACH**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

The city of Huntington Beach was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2025.

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Huntington Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain a copy of the City's FY25 Annual Comprehensive Financial Report and determine whether it reflects an unmodified opinion per Independent Auditor's report.

Findings: We obtained the FY25 Annual Comprehensive Financial Report for the City of Huntington Beach and noted that the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements.

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

Findings: The MOE expenditures were tracked in the City's general ledger by fund, object, and business unit number. The City records its MOE expenditures in its General Fund (100) and Capital Projects Fund (314), and is identified by a 5-digit object number and 5-digit business unit number. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$7,789,580 (see Schedule A) which exceeded the MOE benchmark requirement of \$6,494,379. We agreed the total expenditures of \$7,789,580 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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

Findings: We selected 40 direct MOE expenditures totaling \$3,913,157, which represented approximately 50% of direct MOE expenditures of \$7,789,580 for the fiscal year ended June 30, 2025. We agreed to the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

5. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its LFS expenditures in its Measure M Fund (213). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025 were \$3,517,837 (see Schedule A), which differed from the City's Expenditure Report by \$169,260 (Schedule 2, line 17, and detail listed at Schedule 4). Through discussion with the City's accounting personnel, we concluded that the variance was due to an oversight when compiling the M2 Expenditure report. No other exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 18 Measure M2 Local Fair Share direct expenditures for inspection totaling \$2,781,861 representing approximately 79% of total Measure M2 direct Local Fair Share expenditures of \$3,517,837 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

(Continued)

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

Crowe LLP

Crowe LLP

Costa Mesa, California
April 8, 2026

CITY OF HUNTINGTON BEACH, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 676,430
Pedestrian Ways & Bikepaths	65,000
Storm Damage	36,015
Total Construction	<u>\$ 777,445</u>
Maintenance	
Patching	\$ 233,065
Overlay & Sealing	3,746,177
Street Lights & Traffic Signals	1,438,860
Other Street Purpose Maintenance	1,594,033
Total Maintenance	<u>\$ 7,012,135</u>
Total MOE Expenditures	<u>\$ 7,789,580</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
General Street Maintenance for Public Works	\$ 938,299
Residential Pavement	48,015
Arterial Rehabilitation 22-23	33,288
Arterial Rehabilitation 23-24	30,400
Admiralty Bridge Rehab	247,315
Zone 1 Overlay	4,042
Residential Zone Maint 24-25	2,075,173
Arterial Rehab 24-25	33,010
Residential Curb Ramp 24-25	108,295
Total Measure M2 Local Fair Share Expenditures	<u>\$ 3,517,837</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 11,307,417</u>

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



CITY OF
HUNTINGTON BEACH

Zack Zithisakthanakul | Acting Chief Financial Officer

April 8, 2026

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Huntington Beach as of and for the fiscal year ended June 30, 2025.


Procedure #6

Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund and activity number. The City recorded its LFS expenditures in its Measure M Fund (213). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025 were \$3,517,837 (see Schedule A), which differed from the City's Expenditure Report by \$169,260 (Schedule 2, line 17, and detail listed at Schedule 4). Through discussion with the City's accounting personnel, we concluded that the variance was related to an oversight when compiling the M2 Expenditure report. No other exceptions were found as a result of this procedure.

City's Response: The City acknowledges the finding regarding the \$169,260 variance between the general ledger and the Measure M2 Expenditure Report for the fiscal year ended June 30, 2025. To prevent future occurrences, the Finance Department and Public Works have updated its year-end reporting checklist to include a mandatory secondary review and a formal reconciliation step between the general ledger and external reports before submission. The City intends to revise and resubmit the expenditure report.

 4/8/26
Travis Hopkins, City Manager

 4/8/26
Zack Zithisakthanakul, Acting Chief Financial Officer

 4/8/26
Chau Vu, Public Works Director

**SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2025**

City	Result	City Management Response
City of Anaheim (Anaheim)	Testing identified \$2,463,356 in maintenance of effort (MOE) expenditures that were reported as direct, rather than indirect expenditures. These expenditures related to the allocation of liability coverage expenses.	Anaheim responded that they reported these expenses as direct because they are ultimately assigned to specific programs; however, Anaheim agreed to report these as indirect expenses in future Expenditure Reports.
City of Brea (Brea)	Brea overreported total MOE expenditures in its Expenditure Report, by \$5,343.	Brea has taken steps to improve its process in reviewing expenditures in the general ledger to ensure agreement with the M2 Expenditure Report.
City of Costa Mesa (Costa Mesa)	Testing identified \$1,701,417 in MOE expenditures that were reported as direct, rather than indirect expenditures. These expenditures related to the allocation of landscape, tree, and equipment maintenance service charges.	Costa Mesa acknowledges the observation and will allocate these costs as indirect going forward.
City of Garden Grove (Garden Grove)	Testing identified \$90,975 in unallowable MOE expenditures; however, after removal of these charges from total MOE expenditures, Garden Grove continued to meet its MOE requirement.	Garden Grove acknowledges the finding and has reassigned these costs to ensure they are no longer reported as street and road expenditures.
	Testing identified \$231,411 in MOE expenditures that were reported as as indirect, rather than direct expenditures. The expenditures represented engineering labor costs charged directly to projects.	Garden Grove acknowledges these costs were incorrectly classified and has updated the general ledger to reflect these costs as direct costs moving forward. Garden Grove will continue to monitor cost classification to prevent similar issues in future reporting periods.
	Testing identified one project funded with Local Fair Share (LFS) funds that was not listed on Garden Grove's Capital Improvement Project plan.	Garden Grove acknowledges the finding and will implement a review process to ensure all active, ongoing projects are carried forward in the CIP.
City of Irvine (Irvine)	Testing identified \$3,113,608 in charges that were reported as direct, rather than indirect. In addition, testing identified \$360,065 in unallowable MOE expenditures; however, after removal of these charges from total MOE expenditures, Irvine continued to meet its MOE requirement.	Irvine will implement a secondary review process to validate that charges are eligible and attributable to MOE and will review cost allocation rates and classify these as indirect costs going forward.
City of Lake Forest	None	
City of Placentia	None	
City of Santa Ana	None	
City of Tustin	None	

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORT
Year Ended June 30, 2025**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2025. Please refer to the individual divider tab for our report on each Agency.

Anaheim

Brea

Costa Mesa

Garden Grove

Irvine

Lake Forest

Placentia

Santa Ana

Tustin

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Anaheim's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund number, department code, unit code, and object code. The City recorded its MOE expenditures in its General Fund (101) and identified MOE expenditures within the fund by a three-digit department code, four-digit unit code, and four-digit object code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025, and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$16,726,879 (see Schedule A), which exceeded the MOE benchmark requirement of \$13,196,392. We agreed the total expenditures of \$16,726,879 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 30 direct MOE expenditures totaling \$5,353,325, which represented approximately 32% of direct MOE expenditures of \$16,726,879 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. Upon inspection, \$2,463,356 of annual liability coverage service charges were identified as indirect cost allocations that were reported as direct costs and should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were reported as MOE expenditures for the fiscal year ended June 30, 2025. However, during inspection of direct costs at Procedure #3, we identified \$2,463,356 in indirect costs that were reported as direct costs. These expenditures were for annual liability coverage service charges. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025, and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$18,613,880 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$2,805,218 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (271) followed by a three-digit department number, a four-digit unit code and a four-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,134,242, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 25 direct Measure M2 Local Fair Share expenditures for inspection totaling \$2,977,297 representing approximately 58% of total direct Measure M2 Local Fair Share expenditures of \$5,134,242 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$385,195 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California
March 31, 2026

CITY OF ANAHEIM, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2025
(Unaudited)

		SCHEDULE A
Construction & Right-of-Way		
Signals, Safety Devices, & Street Lights	\$	2,533,029
Total Construction	\$	2,533,029
Maintenance		
Street Lights & Traffic Signals	\$	5,041,786
Other Street Purpose Maintenance		9,152,064
Total Maintenance	\$	14,193,850
Total MOE Expenditures	\$	16,726,879
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Capital project administration	\$	152,612
General agency coordination		2,024
Brookhurst w idening-cerritos to guinida		48,342
Euclid street pavement rehab (glenoaks to 91 freeway)		615
La palma rehab: lakeview to imperial		14,291
Euclid rehab: broadway to lincoln		4,741
Broadway rehab: anaheim to east		178,278
Santa ana canyon road rehab-ud 65 ph 2: lakeview to royal oak		128
Knott ave. Rehab: ball to orange		134,141
Broadway : gilbert to magnolia		73,875
Harbor blvd rehab: lincoln ave to north st		124,178
Dale ave-ball rd to bella ct		196,191
South st- state college blvd to sunkist st		4,790
La palma ave rehab: olive to east st		444,961
Nohl ranch rd from ranch gate rd to old bucket ln		27,481
La palma rehab: brookhurst to euclid		26,624
Ball rd rehab: claudina to state college		11,254
Nohl ranch , imperial and anaheim hills rehab project		94,206
Orangethorpe rehas: state college to placencia		579,199
Cerritos ave from nutwood street to euclid st		2,275
Dupont dr rehab- south of orangewood ave		4,165
Rio vista st from wagner ave to lincoln ave		26,371
Serrano ave rehab: south city limit to weir canyon rd		1,367,336
Knott rehab: orange ave to del monte dr		288,780
Knott ave driveway approach improvements		14,622
Ball road rehabilitation - magnolia to gilbert		87,957
Magnolia ave rehab from lincoln ave to la palma ave		150,600
Orange ave rehab from magnolia ave to euclid st		165,194
Broadway rehab from eucud st to harbor blvd		216,957
Manchester ave rehab from city limit (south)to anaheim blvd		217,061
La palma ave rehab from white star ave to miller st		156,961
Santa ana canyon rd rehab from imperial hwy to fairmont blvd		112,410
Roadway rehab projects with placencia		740
Dale street rehab from crescent ave to sr91		4,170
Chapman ave rehab from harbor blvd to summerset pl		84,586
Blue gum and la palma rehab		81,422
Western ave from city limit (north) to city limit (south)		3,954
Anaheim shores dr from la palma ave to euclid st		827
Harbor blvd from south st to lincoln ave		890
Harbor blvd from chapman ave to convention way		10,419
Placencia ave from state college blvd to 91 freeway		649
Miraloma ave(miller to van buren)		1,282
La palma from east st to state college blvd		434
Katella rehab from state college blvd to sr-57		636
Monte vist rd & roosevelt rd rehab (weir canyon to santa ana)		15,613
Total Measure M2 Local Fair Share Expenditures	\$	5,134,242
Total MOE and Measure M2 Local Fair Share Expenditures	\$	21,861,121

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



City of Anaheim

DEPARTMENT OF PUBLIC WORKS

Exhibit 1

March 31, 2026

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

The following response is being submitted to address results from the agreed-upon procedures performed for the Measure M2 Local Fair Share program for the City of Anaheim as of and for the fiscal year ended June 30, 2025.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection.

For each item selected, perform the following:


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

Findings: We selected 30 direct MOE expenditures totaling \$5,353,325, which represented approximately 32% of direct MOE expenditures of \$16,726,879 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. Upon inspection, \$2,463,356 of annual liability coverage service charges were identified as indirect cost allocations that were reported as direct costs and should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response: The Public Works Department reported the self-insurance program expenses as MOE direct cost. Public Works consider these expenses to be direct costs because they are ultimately assigned to specific programs (sidewalk/ curb maintenance, traffic system and street signs). Based on the audit recommendation the Public Works Department will report the expenses as Indirect expenses in future M2 Expenditure Reports.



Rudy Emami, Public Works Director



Deborah A. Moreno, Finance Director/Treasurer



Greg Garcia, Interim City Manager

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Brea's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, and unit code. The City records its MOE expenditures in its General Fund (110), identified by a 2-digit department number, and a 4-digit unit number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Brea reported total MOE expenditures of \$2,391,120 on its Expenditure Report (Schedule 3, line 18) which exceeded the MOE benchmark requirement of \$838,243 for fiscal year 2025. During inspection, we found that actual MOE expenditures per the general ledger expenditure detail totaled \$2,385,777, a variance of \$5,343. After accounting for this variance, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 30 direct MOE expenditures totaling \$768,063 which represented approximately 32% of direct MOE expenditures of \$2,385,777 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$4,064,849 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$3,886,226 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (260) followed by 2-digit department number and a 4-digit unit number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$500,499, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

(Continued)

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

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected three direct Measure M2 Local Fair Share expenditures for inspection totaling \$411,394 representing approximately 82% of total direct Measure M2 Local Fair Share expenditures of \$500,499 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$82,287 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California
April 13, 2026

CITY OF BREA, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Maintenance	
Other Street Purpose Maintenance	\$ 2,385,777
Total Maintenance	<u>\$ 2,385,777</u>
Total MOE Expenditures	<u>\$ 2,385,777</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Administrative Expenses	\$ 33,454
CIP 7218 – Signal Controller Upgrade	58,661
CIP 7219 – Traffic Calming Improvements	4,756
CIP 7312 – Citywide Slurry Seal	393,109
CIP 7717 – Cliffwood Traffic Calming	10,519
Total Measure M2 Local Fair Share Expenditures	<u>\$ 500,499</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,886,276</u>

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



April 13, 2026

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Brea as of and for the fiscal year ended June 30, 2025.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City of Brea reported total MOE expenditures of \$2,391,120 on its Expenditure Report (Schedule 3, line 18) which exceeded the MOE benchmark requirement of \$838,243 for fiscal year 2025. During inspection, we found that actual MOE expenditures per the general ledger expenditure detail totaled \$2,385,777, a variance of \$5,343. After accounting for this variance, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response: The City acknowledges this finding and has actively taken steps to improve its process in reviewing the expenditures in the general ledger and ensure that the total agrees to the M2 Expenditure Report.



 Kristin Griffith, City Manager



 Monica Lo, Director of Administrative Services



 Michael Ho, Public Works Director

Cecilia Hupp
 Mayor

Marty Simonoff
 Mayor Pro Tem

Christine Marick
 Council Member

Blair Stewart
 Council Member

Steven Vargas
 Council Member

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Costa Mesa's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department, program, and expenditure number. The City records its MOE expenditures in its General Fund (101), Capital Improvement Fund (401), Equipment Replacement Fund (601), and is identified by a 5-digit department number, a 5-digit program number, and a 6-digit expenditure number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$11,405,643 (see Schedule A), which exceeded the MOE benchmark requirement of \$9,827,861. We agreed the total expenditures of \$11,405,643 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 30 direct MOE expenditures totaling \$4,121,758, which represented approximately 42% of direct MOE expenditures of \$9,874,300 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection, \$1,701,417 of landscape, tree, and equipment maintenance service charges were identified as indirect cost allocations that should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. We agreed \$1,531,343 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$618,891, which represented approximately 40% of indirect MOE expenditures. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included PERS UAL payments, Indirect Labor Charges, and Administrative Charges for the Public Works department. During inspection of direct costs in Procedure #3, we identified \$1,701,417 in indirect costs that were initially reported as direct costs. We selected 14 indirect MOE expenditures totaling \$939,411, which represented approximately 55% of indirect MOE expenditures additionally identified. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$10,428,432 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$6,536,470 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (416) followed by 5-digit department number. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,702,612 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,269,639 representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$5,702,612 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$340,136 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 9, 2026

CITY OF COSTA MESA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2025
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,531,343
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 872,358
Signals, Safety Devices, & Street Lights	155,830
Pedestrian Ways & Bikepaths	525,564
Storm Drains	<u>225,425</u>
Total Construction	<u>\$ 1,779,177</u>
Maintenance	
Overlay & Sealing	\$ 1,659,299
Street Lights & Traffic Signals	2,434,709
Other Street Purpose Maintenance	4,001,115
Total Maintenance	<u>8,095,123</u>
Total MOE Expenditures	<u>\$ 11,405,643</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Citywide Street Improvements	\$ 4,119,808
Adams at Pinecreek Improvements	1,283,404
Traffic Signal Modification Baker Street at Babb Street	287,208
Traffic Signal at Fairview Road and Belfast	<u>12,192</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 5,702,612</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 17,108,255</u>

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



CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FROM THE OFFICE OF THE FINANCE DIRECTOR/CITY TREASURER

April 9, 2026

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Costa Mesa as of and for the fiscal year ended June 30, 2025.

Procedure #3

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: We selected 30 direct MOE expenditures totaling \$4,121,758, which represented approximately 42% of direct MOE expenditures of \$9,874,300 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. Upon inspection, \$1,701,417 of landscape, tree, and equipment maintenance service charges were identified as indirect cost allocations that should have been classified as indirect costs. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No other exceptions were found as a result of this procedure.

City's Response:

Thank you for your review. The City acknowledges the identified amount of \$1,701,417 related to landscape, tree, and equipment maintenance service charges. We agree that these expenditures were properly classified as local street and road expenditures and are allowable and we appreciate your confirmation that no other exceptions were noted.

The City has noted and updated the indirect costs, and we will allocate costs such as maintenance service charges and landscape charges as indirect costs going forward.



City Manager



Finance Manager



Public Works Director

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF GARDEN GROVE

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Garden Grove's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, organization key, and account code. The City records its MOE expenditures in its General Fund (111), identified by a 7-digit organization number, and a 5-digit account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$12,298,630 (see Schedule A), which exceeded the MOE benchmark requirement of \$4,497,736. We agreed the total expenditures of \$12,298,630 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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

Findings: We selected 25 direct MOE expenditures totaling \$4,486,737, which represented approximately 43% of direct MOE expenditures of \$12,298,630 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. During inspection, we identified expenditures in the amount of \$90,975 relating to parking citation processing services and determined that these expenditures are unallowable per the Ordinance. After removing these expenditures, the City still met the MOE benchmark requirement. Additionally, during inspection of indirect costs at Procedure #4, we identified \$231,411 in direct costs that were reported as indirect costs. These expenditures were related to direct engineering labor costs. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. We agreed \$1,957,466 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$281,130, which represented approximately 14% of total indirect MOE expenditures. During inspection, we found that \$231,411 of direct engineering labor costs charged to specific projects were classified as indirect costs rather than direct costs. Per inquiry with the City, this was due to an error in the interface between the City's timesheet system and the general ledger system. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$10,522,292 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$3,914,927 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

(Continued)

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (246) followed by a 7-digit organization key code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$4,678,917 (see Schedule A), which agreed to the amount reported in the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,150,041 representing approximately 89% of total direct Measure M2 Local Fair Share expenditures of \$4,678,917 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. We also compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one project (Chapman Rehabilitation Landscape Maintenance – CP-11552) that appeared in Schedule 4, but was not listed in the City's current Seven-Year CIP. We confirmed that the project was included in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

(Continued)

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$107,623 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 8, 2026

CITY OF GARDEN GROVE, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,957,466
 Construction & Right-of-Way	
Street Reconstruction	\$ 2,227,204
Street Reconstruction - Pavement	2,283,994
Total Construction	<u>\$ 4,511,198</u>
 Maintenance	
Street Lights & Traffic Signals	\$ 611,648
Other Street Purpose Maintenance	5,218,318
Total Maintenance	<u>\$ 5,829,966</u>
 Total MOE Expenditures	 <u><u>\$ 12,298,630</u></u>
 Measure M2 Local Fair Share Expenditures (Schedule 4):	
CIP - Harbor/Garden Grove Intersection Street Improvements	\$ 444
CP - Slurry Seal Projects	145,375
Arterial Street Improvements FY25	4,533,098
Total Measure M2 Local Fair Share Expenditures	<u>\$ 4,678,917</u>
 Total MOE and Measure M2 Local Fair Share Expenditures	 <u><u>\$ 16,977,547</u></u>

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

April 8, 2026

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

Stephanie Klopfenstein
Mayor

George S. Brietigam
Mayor Pro Tem - District 1

Phillip Nguyen
Council Member - District 2

Cindy Ngoc Tran
Council Member - District 3

Joe DoVinh
Council Member - District 4

Yesenia Muñeton
Council Member - District 5

Ariana Arestegui
Council Member - District 6

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Garden Grove as of and for the fiscal year ended June 30, 2025.

Procedure #3

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

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

Findings: We selected 25 direct MOE expenditures totaling \$4,486,737, which represented approximately 43% of direct MOE expenditures of \$12,298,630 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. During inspection, we identified expenditures in the amount of \$90,975 relating to parking citation processing services and determined that these expenditures are unallowable per the Ordinance. After removing these expenditures, the City still met the MOE benchmark requirement. Additionally, during inspection of indirect costs at Procedure #4, we identified \$231,411 in direct costs that were reported as indirect costs. These expenditures were related to direct engineering labor costs. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that the parking citation processing services totaling \$90,975 were unallowable. The citation contract has been since been reassigned to a different fund and department to ensure these costs are no longer reported as Local Street and Road expenditures. The City also notes that the MOE benchmark requirement remains satisfied after removing these unallowable expenditures.

The City further acknowledges that \$231,411 in direct engineer labor costs were incorrectly classified as indirect costs due to a coding error. The ERP system has been updated to properly reflect the correct classification, and going forward, the City will ensure that direct engineer labor is reported as direct cost.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. We agreed \$1,957,466 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 30 indirect MOE expenditures totaling \$281,130, which represented approximately 14% of total indirect MOE expenditures. During inspection, we found that \$231,411 of direct engineering labor costs charged to specific projects were classified as indirect costs rather than direct costs. Per inquiry with the City, this was due to an error in the interface between the City's timesheet system and the general ledger system. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that \$231,411 in direct engineer labor costs were incorrectly classified as indirect costs due to a system interface error between the City's timesheet system and general ledger. As a result, direct labor costs for specific projects were recorded as indirect costs.

The City has taken corrective action and updated the general ledger to properly reflect these costs as direct costs. Moving forward, the City will continue to monitor cost classifications to prevent similar issues in future reporting periods.

Procedure #7

Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

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

Findings: We selected four direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,150,041 representing approximately 89% of total direct Measure M2 Local Fair Share expenditures of \$4,678,917 for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation provided by the City. We also compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one project (Chapman Rehabilitation Landscape Maintenance – CP-11552) that appeared in Schedule 4, but was not listed in the City's current Seven-Year CIP. We confirmed that the project was included in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges that project CP-11552 (Chapman Rehabilitation Landscape Maintenance) appeared on the Expenditure Report (Schedule 4) but was not listed in the current Seven-Year Capital Improvement Program (CIP). The project had been included in prior years' Seven-Year CIPs, remains active, and continues to qualify as an eligible Measure M2 Local Fair Share project. The omission was due to an oversight during the annual CIP rollover process and does not reflect any change in the project's scope or eligibility.

Going forward, the City will implement a review process to ensure that all active and ongoing projects are appropriately carried forward from one fiscal year to the next and that the Seven-Year CIP remains consistent with the projects reported on Schedule 4.



City Manager



Finance Director



Public Works Director

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Irvine's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, project codes, and object codes. The City records its MOE expenditures in its General Fund (001) and is identified by a 6-digit project code and 4-digit object code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$19,359,017 (see Schedule A), which exceeded the MOE benchmark requirement of \$8,681,278. We agreed the total expenditures of \$19,359,017 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 30 direct MOE expenditures totaling \$11,401,876, which represented approximately 59% of total direct MOE expenditures of \$19,359,017 for the fiscal year ended June 30, 2025. We agreed the dollar amounts recorded in the general ledger to the supporting documentation provided by the City. During inspection, we identified costs in the amount of \$3,113,608 that were based on a percentage allocation methodology and should have been classified as indirect costs. In addition, we identified the City used incorrect rates to allocate certain indirect costs, resulting in overcharges to the MOE in the amount \$335,561. Finally, we identified \$24,504 in MOE charges that were attributable to the prior fiscal year. After removing these expenditures, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were reported as MOE expenditures for the fiscal year ended June 30, 2025. However, during inspection of direct costs at Procedure #3, we identified \$3,113,608 in indirect costs that were reported as direct costs. These expenditures were for tree maintenance and water utility costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$21,883,295 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$11,848,618 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (154) followed by a 6-digit project code and a 4-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$6,206,825, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 13 direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,788,157 representing approximately 77% of total direct Measure M2 Local Fair Share expenditures of \$6,206,825 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$646,009 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
April 13, 2026

CITY OF IRVINE, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Construction & Right-of-Way	
Street Reconstruction	\$ 672,604
Street Reconstruction - Pavement	5,485,215
Pedestrian Ways & Bikepaths	1,287,543
Total Construction	<u>\$ 7,445,362</u>
Right of Way Acquisition	\$ 594
Total Construction & Right-of-Way	<u>\$ 7,445,956</u>
Maintenance	
Street Lights & Traffic Signals	\$ 3,290,458
Other Street Purpose Maintenance	8,622,603
Total Maintenance	<u>\$ 11,913,061</u>
Total MOE Expenditures	<u>\$ 19,359,017</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
FY22 Signal Emergency Connection Upgrade	\$ 134,752
FY24 Slurry Seal/Local Street Rehabilitation	5,685,797
FY25 Slurry Seal/Local Street Rehabilitation	355,930
Walnut Pavement Rehabilitation (Harvard - Culver)	30,346
Total Measure M2 Local Fair Share Expenditures	<u>\$ 6,206,825</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 25,565,842</u>

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



April 13, 2026

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

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Irvine as of and for the fiscal year ended June 30, 2025.

Procedure #3

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

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

Findings: We selected 30 direct MOE expenditures totaling \$11,401,876, which represented approximately 59% of total direct MOE expenditures of \$19,359,017 for the fiscal year ended June 30, 2025. We agreed the dollar amounts recorded in the general ledger to the supporting documentation provided by the City. During inspection, we identified costs in the amount of \$3,113,608 that were based on a percentage allocation methodology and should have been classified as indirect costs. In addition, we identified the City used incorrect rates to allocate certain indirect costs, resulting in overcharges to the MOE in the amount \$335,561. Finally, we identified \$24,504 in MOE charges that were attributable to the prior fiscal year. After removing these expenditures, the City still met the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response:

The City acknowledges the audit results for Procedure #3 related to sampled MOE expenditures for the fiscal year ended June 30, 2025. The City will implement a secondary review process to validate that charges are eligible and properly attributable to MOE.

The variance of \$335,561 was due to the use of historical cost allocation rates for tree maintenance and water utility expenditures. To mitigate similar variances going forward, the City will regularly review these cost allocation rates to better align them with actual MOE expenditures and classify as indirect costs.

Additionally, the City acknowledges that \$24,504 in street rehabilitation expenditures were attributable to the prior fiscal year and will strengthen its review procedures to ensure expenditures are reported in the appropriate period on the annual M2 Expenditure Report.



Sean Crumby

City Manager

April 13, 2026

Date

Dakle Bulosan

Director of Administrative Services

April 13, 2026

Date

[Signature]

Luis Estevez (Apr 13, 2026 15:30:08 PDT)

Director of Public Works and Sustainability

April 13, 2026

Date

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Lake Forest's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund number, program code, object code, and project code. The City recorded its MOE Expenditures in its General Fund (101), State Gas Tax HUTA Fund (210), and State Gas Tax RMRA Fund (211). The City identified MOE Expenditures within the funds by a 3-digit program code, 5-digit object code, and 5-character project code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$674,305 (see Schedule A), which exceeded the MOE benchmark requirement of \$245,220. We agreed the total expenditures of \$674,305 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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

Findings: We selected nine direct MOE expenditures totaling \$503,651, which represented approximately 75% of direct MOE expenditures of \$674,305 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$5,798,023 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$1,218,201 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (220) followed by 3-digit program key code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$5,463,957, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five direct Measure M2 Local Fair Share expenditures for inspection totaling \$4,216,466 representing approximately 77% of total direct Measure M2 Local Fair Share expenditures of \$5,463,957 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$86,168 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
March 30, 2026

CITY OF LAKE FOREST, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2025
(Unaudited)

	SCHEDULE A
Maintenance	
Other Street Purpose Maintenance	\$ 674,305
Total Maintenance	<u>\$ 674,305</u>
Total MOE Expenditures	<u>\$ 674,305</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Road Rehabilitation - Muirlands/Jeronimo	\$ 1,555,323
Road Rehabilitation - Trabuco	<u>3,908,634</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 5,463,957</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 6,138,262</u></u>

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Placentia's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund number, department number, and object code. The City recorded its MOE expenditures in its General Fund (101), Measure U Fund (102), State Gas Tax RMRA Fund (217), and Stormdrain Impact Fee Fund (306). The City identified its MOE expenditures within the funds by a 5-digit department number and 4-digit object code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$1,278,297 (see Schedule A), which exceeded the MOE benchmark requirement of \$879,347. We agreed the total expenditures of \$1,278,297 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

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

Findings: We selected one direct MOE expenditure totaling \$1,087,615, which represented approximately 85% of direct MOE expenditures of \$1,278,297 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to the supporting documentation provided by the City. We determined that the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$2,912,959 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$834,265 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (211) followed by a 5-digit department number and 4-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$1,241,179, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected three direct Measure M2 Local Fair Share expenditures for inspection totaling \$1,001,566 representing approximately 81% of total direct Measure M2 Local Fair Share expenditures of \$1,241,179 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$18,006 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
April 1, 2026

CITY OF PLACENTIA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2025
(Unaudited)

	SCHEDULE A
Construction & Right-of-Way	
Street Reconstruction - Pavement	\$ 1,263,462
Pedestrian Ways & Bikepaths	<u>14,835</u>
Total Construction	<u>\$ 1,278,297</u>
Total MOE Expenditures	<u>\$ 1,278,297</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
FY 23-24 Roadway Rehabilitation Project Construction	<u>\$ 1,241,179</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 1,241,179</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 2,519,476</u>

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

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF SANTA ANA

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Santa Ana's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund number and account unit. The City recorded its MOE expenditures in its General Fund (11) and identified MOE expenditures within the fund by a 5-digit account unit. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025, and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$14,829,277 (see Schedule A), which exceeded the MOE benchmark requirement of \$10,324,712. We agreed the total expenditures of \$14,829,277 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 30 direct MOE expenditures totaling \$4,199,030, which represented approximately 32% of direct MOE expenditures of \$14,829,277 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$18,659,321 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$17,235,292 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (32) followed by a 5-digit account unit. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$4,032,548, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share expenditures and allowable per the Ordinance.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected seven direct Measure M2 Local Fair Share expenditures for inspection totaling \$3,035,602, representing approximately 75% of total direct Measure M2 Local Fair Share expenditures of \$4,032,548 for the fiscal year ended June 30, 2025. We agreed the dollar amounts to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share expenditures. Additionally, we identified a negative amount reported on Schedule 4 related to a supported reclassification of previously recorded Local Fair Share expenditures to a different funding source. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$18,750 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
April 3, 2026

CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2025
(Unaudited)

		SCHEDULE A
Maintenance of Effort (MOE) Expenditures:		
Indirect and/ or Overhead - Schedule 3, line 1	\$	-
Construction & Right-of-Way		
Street Reconstruction	\$	2,738,652
Street Reconstruction - Pavement		1,120,341
Signals, Safety Devices, & Street Lights		3,008,167
Pedestrian Ways & Bikepaths		<u>720,075</u>
Total Construction	\$	<u>7,587,235</u>
Maintenance		
Street Lights & Traffic Signals	\$	2,806,847
Other Street Purpose Maintenance		<u>4,435,195</u>
Total Maintenance	\$	<u>7,242,042</u>
Total MOE Expenditures	\$	<u>14,829,277</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):		
Bristol Widening-Warner/St Andrew Phase IV	\$	646,000
Euclid Street Corrective Traffic Signal Synchronization		3,848
Fairview Bridge and Street Improvements		101,985
Grand Avenue Rehabilitation - McFadden to 1st Street		44,590
Kennedy Elementary and Villa Fundamental Safe Routes to School		238,049
Local Street Preventative Maintenance FY23/24		2,608,134
Local Street Preventative Maintenance		491
Main Street Slurry: Memory Lane to North City Limit		3,199
McFadden Rehabilitation Fairview to Raitt		120,818
Pavement Management FY23/24		33,600
Pavement Management FY24/25		64,066
Project Development		49,031
Project Development FY23/24		14,539
Right of Way Management		144,638
Right of Way Management FY22/23		570
Santa Clara Bike Lane Lincoln Ave to Tustin Ave		(216,608)
Sgerstrom/Dyer Traffic Signal Synchronization		6,750
Traffic Management Plans FY22/23		18,638
Traffic Management Plans FY23/24		49,869
Tustin Ave Traffic Signal Synchronization		12,608
Warner Ave Traffic Signal Synchronization		<u>87,733</u>
Total Measure M2 Local Fair Share Expenditures	\$	<u>4,032,548</u>
Total MOE and Measure M2 Local Fair Share Expenditures	\$	<u>18,861,825</u>

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Tustin's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund number, organization key, and account code. The City records its MOE expenditures in its General Fund (100), Land Sale Proceeds Fund (189), and General Fund CIP (200). The City identified its MOE expenditures within the funds by a 2-digit department number, and a 2-digit division number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2025 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2024/2025. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2025, were \$6,814,184 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,938,025. We agreed the total expenditures of \$6,814,184 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

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

Findings: We selected 25 direct MOE expenditures totaling \$4,266,789, which represented approximately 63% of direct MOE expenditures of \$6,814,184 for fiscal year ended June 30, 2025. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. We determined that the expenditures were properly classified as local street and road expenditures and are allowable per the Ordinance. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2025 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$6,555,506 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$4,737,472 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fair Share Fund (139) followed by a 5-digit project code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2025, were \$627,836, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

(Continued)

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

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected 11 direct Measure M2 Local Fair Share expenditures for inspection totaling \$475,554 representing approximately 76% of total direct Measure M2 Local Fair Share expenditures of \$627,836 for the Fiscal Year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

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

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

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$184,258 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY25) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in cursive script that reads "Crowe LLP".

Crowe LLP

Costa Mesa, California
March 30, 2026

CITY OF TUSTIN, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2025
 (Unaudited)

	SCHEDULE A
Construction & Right-of-Way	
New Street Construction	\$ 4,987,075
Street Reconstruction - Pavement	48,038
Pedestrian Ways & Bikepaths	17,602
Total Construction	<u>\$ 5,052,715</u>
Maintenance	
Street Lights & Traffic Signals	\$ 321,145
Other Street Purpose Maintenance	1,440,324
Total Maintenance	<u>\$ 1,761,469</u>
Total MOE Expenditures	<u>\$ 6,814,184</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Traffic Sig Controller Upgrade/Rep	\$ 3,069
Main Street Improvements	14,562
Red Hill Ave Synchronization	13,171
First Street Signal Synchronization	4,364
Tustin Ave Signal Synchronization	580
FY 23/24 Major Pavement Maintenance	123,708
FY 24/25 Major Pavement Maintenance	468,382
Total Measure M2 Local Fair Share Expenditures	<u>\$ 627,836</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 7,442,020</u>

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

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM
COUNTY OF ORANGE**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM
COUNTY OF ORANGE**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2025

The County of Orange was selected at the direction of the Orange County Local Transportation Authority Board of Directors to perform agreed-upon procedures for the fiscal year ended June 30, 2025.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
COUNTY OF ORANGE

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayer Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the County of Orange's (County) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2025. The County's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayer Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the County's compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2025. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement between OCLTA and the County of Orange and determine that the agreement was properly approved and executed.

Findings: We obtained and read the cooperative agreement between OCLTA and the County of Orange. The agreement was properly approved and executed, with a term extending through June 30, 2026. No exceptions were found as a result of this procedure.

2. Document which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2025. Agree the amount listed as expended on schedule 2 of expenditure report. Explain any differences.

(Continued)

Findings: The SNEMT expenditures were tracked in the County's general ledger by fund, department, unit, and job number. The County records its SNEMT expenditures in its General Fund (100) with department number 012 (OC Community Resources department), unit number 2700 (Office on Aging unit) followed by a five-digit job number. The County reported \$4,255,805 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

3. Obtain a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculate the amount the County has received for the past three fiscal years. Obtain the cash balance of the County's SNEMT funds as of June 30, 2025 and determine whether funds are expended within three years of receipt. For payments received during the fiscal year ended June 30, 2025, agree to the amount listed as received on Schedule 2 of expenditure report. Explain any differences.

Findings: The County received \$12,751,098 for the past three fiscal years ended June 30, 2023, 2024, and 2025. We agreed the fund balance of \$3,161,462 from the general ledger detail to the County's Expenditure Report (Schedule 1, line 24), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure. We agreed payments received from OCLTA totaling \$4,177,852 during the fiscal year ended June 30, 2025, to the general ledger detail and to the amount listed as received on the County's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were found as a result of this procedure.

4. Determine if the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund.

Findings: We obtained the amount of interest allocated to the Measure M2 Senior Non-Emergency Medical Transportation Program and agreed the amount reflected to the amount of interest totaling \$172,530 listed on the County's Expenditure Report (Schedule 2, line 21). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

5. Determine the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2025 (e.g. obtain from OCLTA the percentage requirement and apply to the annual state allocation of Tobacco Settlement funds for the year under review).

Findings: We obtained the percentage requirement of 5.27% from OCLTA and applied to the annual state allocation of \$26,302,300 of Tobacco Settlement funds for the year under review. We determined the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2025 was \$1,386,131. No exceptions were found as a result of this procedure.

6. Determine that the County spent the required annual amount of Tobacco Settlement funds on the SNEMT program and select a sample from the general ledger to determine whether the expenditures related to the SNEMT program.

Findings: We determined the County funded \$1,661,425 for the Tobacco Settlement funds on the SNEMT program which exceeded the required annual amount to be funded of \$1,386,131. We inspected Measure M2 Senior Non-Emergency Medical Transportation Program expenditures funded by Tobacco Settlement funds totaling \$1,020,790 representing 78% of total expenditures of \$1,301,740 funded by Tobacco Settlement for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Non-Emergency Medical Transportation Program and met the requirements. No exceptions were found as a result of this procedure.

7. Select a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. For each item selected perform the following:

(Continued)

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditures selected in (a) above are exclusively for the SNEMT program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

Findings: We inspected M2 Senior Non-Emergency Medical Transportation Program expenditures totaling \$3,211,964 representing 75% of total Direct Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2025. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for the Senior Non-Emergency Medical Transportation Program and met the requirements outlined in the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

8. Inquire as to the procedures used by the County to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the SNEMT program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The County then verifies that the applicant is a resident of County of Orange, and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

9. Identify whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, compare indirect costs identified to the amount reported on the County's Expenditure Report. Explain any differences. If applicable, select a sample of charges. Inspect the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the County's accounting personnel, no indirect costs were identified as SNEMT expenditures for the fiscal year ended June 30, 2025. No exceptions were found as a result of this procedure.

10. Determine if the County contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Verify that the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with County personnel, the County contracted with Age Well, and Abrazar to provide non-emergency medical transportation for adults age 60 and older, and who lack other reasonable means of medical-related transportation. From inspecting the Age Well and Abrazar procurement documents, we found that the contractors were selected using a competitive procurement process. In addition, per inspection of the original contracts, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

11. Obtain the proof of insurance coverage for the County's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement; and

(Continued)

- b. Determine whether current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: We obtained and inspected the insurance coverage for one of the contractors and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the County’s contractors was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

- 12. Obtain the quarterly summary reports and determine if the reports were properly prepared and submitted within forty-five (45) days.

Findings: We inspected all four quarterly summary reports (September 2024, December 2024, March 2025, and June 2025). Through inspection, we determined all four reports were timely submitted within 45 days of the following quarter end. No exceptions were found as a result of this procedure.

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
September 2024	November 15, 2024	October 29, 2024	-
December 2024	February 15, 2025	January 29, 2025	-
March 2025	May 15, 2025	May 2, 2025	-
June 2025	August 15, 2025	July 29, 2025	-

- 13. Inquire of the County whether they prioritized of trips provided under the SNEMT program. If so, determine whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

Findings: Based upon inspection of the four quarterly SNEMT reports during Fiscal Year 2025, the fourth quarter report indicated actual expenditures of \$5,665,037, representing 86% of budgeted expenditures. Prioritization of trips was not implemented in the fourth quarter of Fiscal Year 2025 as the County determines the prioritization of trips on a fiscal year basis. We determined the actual expenditures for FY25 did not exceed available program funding. No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County’s management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 8, 2026

COUNTY OF ORANGE, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR NON-EMERGENCY MEDICAL TRANSPORTATION PROGRAM
EXPENDITURES
Year ended June 30, 2025
(Unaudited)

SCHEDULE A

Measure M2 Senior Non-Emergency Medical Transportation Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Non-Emergency Medical Transportation Project U	<u>4,255,805</u>
Total Measure M2 Senior Non-Emergency Medical Transportation Expenditures	\$ <u>4,255,805</u>

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

Measure M Jurisdictions - Information for Selection - FY26

Agency	Finance Director Turnover*	Unrestricted Net Position 2025**	Local Fair Share					Senior Mobility Program & Senior Non-Emergency Medical Transport				
			Last AUP Review	No. of Findings Last AUP	Allocations Since last AUP as of 4/27/26	FY26 Allocations as of 4/27/26	FY25 Reported Expenditures as of 6/30/25	Last AUP Review	No. of Findings Last AUP	Allocations Since last AUP as of 4/27/26	FY26 Allocations as of 4/27/26	FY25 Reported Expenditures as of 6/30/25
Aliso Viejo	No	42,275,760.00	2023	1	2,598,233.97	712,684.04	713,715.29	-	0	277,732.04	37,776.14	44,079.32
Anaheim	No	(350,282.00)	2025	1	5,943,576.90	5,943,576.90	5,134,241.85	2023	0	1,060,903.61	280,636.72	797,982.16
Brea	Yes	(56,444,148.00)	2025	1	962,932.43	962,932.43	500,498.79	2020	2	341,666.64	48,218.39	66,653.00
Buena Park^	No	8,956,135.00	2025	1	-	-	797,572.63	2024	1	-	-	39,400.51
Costa Mesa	No	(205,231,061.00)	2025	1	2,474,732.93	2,474,732.93	5,702,612.15	2020	0	678,370.47	89,335.32	318,739.97
Cypress	No	77,291,665.00	2022	2	4,435,872.08	859,769.01	2,431,919.00	2020	0	400,635.45	52,077.30	105,848.00
Dana Point	No	1,079,653.69	2019	1	4,950,996.94	575,677.07	421,771.43	2019	2	434,580.14	48,937.47	113,071.74
Fountain Valley	No	25,069,937.00	2021	0	6,796,808.25	1,055,741.24	1,651,634.85	2019	0	687,158.45	73,091.33	128,971.13
Fullerton	Yes	(110,448,844.00)	2021	1	14,467,949.10	2,240,203.99	1,737,768.59	2023	1	494,749.82	128,295.04	387,835.37
Garden Grove	No	(65,486,201.00)	2025	3	2,520,283.46	2,520,283.46	4,678,917.00	2022	1	841,547.21	162,842.02	272,865.00
Huntington Beach^	Yes	(160,959,000.00)	2025	1	-	-	3,687,096.78	2022	2	889,180.27	-	311,888.62
Irvine	No	509,422,452.00	2025	1	5,405,244.44	5,405,244.44	6,206,825.16	2021	1	1,219,531.10	211,551.71	279,092.84
Laguna Beach	Yes	46,004,130.00	2022	2	2,195,587.76	426,625.54	1,082,014.47	2023	3	141,518.89	36,449.64	80,000.00
Laguna Hills	No	18,698,672.00	2024	0	1,326,142.99	551,923.45	763,062.00	2020	3	277,315.89	37,512.62	34,826.00
Laguna Niguel	No	46,471,266.00	2021	1	7,225,934.82	1,112,779.94	2,614,091.88	2024	0	203,089.88	85,248.64	152,072.04
Laguna Woods	No	12,707,314.00	2021	0	1,432,904.57	222,548.48	223,245.66	2024	1	170,818.09	71,702.29	200,518.19
La Habra	Yes	(20,387,264.00)	2024	0	2,135,332.34	887,679.65	2,025,993.12	2019	2	487,688.43	56,856.24	80,305.12
Lake Forest	No	125,592,543.00	2025	0	1,376,746.14	1,376,746.14	5,463,956.62	2018	0	696,533.11	80,804.66	195,158.19
La Palma	Yes	27,540,217.00	2020	1	1,777,078.90	238,716.54	761,646.00					
Los Alamitos	No	17,352,422.00	2022	3	1,130,253.19	217,005.62	371,280.00					
Mission Viejo	Yes	36,568,320.00	2024	2	3,612,962.08	1,521,998.02	3,129,100.74	2024	2	290,190.72	121,809.93	293,529.31
Newport Beach	No	80,856,953.00	2021	2	11,771,738.10	1,807,282.09	4,392,586.38	2023	0	477,217.00	119,876.02	168,343.86
Orange	No	158,367,765.00	2024	2	6,712,591.04	2,809,567.61	2,833,113.82	2022	1	669,029.63	127,768.01	300,397.46
Placentia	Yes	(947,359.00)	2025	0	825,734.00	825,734.00	1,241,178.73	2020	1	410,835.19	51,313.55	136,025.24
Rancho Santa Margarita	No	30,470,514.00	2022	0	3,631,870.95	697,054.06	1,531,178.44	2021	0	207,328.32	39,522.46	30,196.00
San Clemente	Yes	69,485,697.00	2024	3	2,302,510.33	963,893.21	467,362.00	2019	0	646,629.10	76,173.09	151,585.00
San Juan Capistrano	No	36,595,525.00	2022	0	3,374,055.07	660,293.52	51,712.00	2024	1	107,189.59	44,993.71	84,698.00
Santa Ana	Yes	(553,749,283.00)	2025	0	4,524,316.29	4,524,316.29	4,032,547.51	2022	2	1,054,783.63	207,996.50	434,470.41
Seal Beach	No	16,671,924.00	2024	1	955,996.78	400,394.22	953,631.38	2021	2	422,602.74	57,803.11	163,528.20
Stanton	Yes	55,286,344.00	2023	0	1,949,559.43	521,612.71	818,220.00	2020	0	252,086.59	33,635.85	12,010.00
Tustin	No	199,173,050.00	2025	0	1,589,339.56	1,589,339.56	627,836.00	2019	2	504,933.71	60,335.51	84,535.00
Villa Park	No	3,329,171.00	2022	2	458,081.77	88,381.44	149,578.00	-	0	105,882.22	9,624.92	17,845.00
Westminster	No	(49,333,156.00)	2024	3	3,305,278.85	1,381,646.31	1,228,859.26	2021	1	691,117.51	102,640.48	104,589.08
Yorba Linda	No	9,973,398.00	2021	3	6,640,134.13	1,021,819.56	503,787.00	2023	0	302,658.82	83,645.24	164,292.64
County Unincorporated	No	(92,761.00)	2024	0	9,777,072.42	4,103,310.18	5,673,762.00					
County - SNEMT								2025	0	3,079,853.49	3,079,853.49	4,255,805.70
Total					130,587,852.02	50,701,513.65	74,604,316.53			18,525,357.75	5,718,327.40	10,011,158.10

^ = AUP to be performed per OCTA Board direction.
 * = Per Expenditure Report certification signature FY24 vs FY25
 ** = As reported by Agency

**TAXPAYER OVERSIGHT COMMITTEE
AUDIT SUBCOMMITTEE**

**AUDIT CHARTER
May 2026**

The Audit Subcommittee (Subcommittee) of the Taxpayer Oversight Committee (TOC), is established to assist the TOC in fulfilling its oversight responsibilities regarding the Measure M2 Ordinance approved by the voters of Orange County. Specifically, the Subcommittee will have responsibilities in matters related to internal and independent outside audits of the Measure M2 programs, projects, and financial records.

In providing assistance to the TOC, the Subcommittee will assume the role of an audit committee as provided herein, and recommend action on all audit-related matters to the full TOC. Recognizing that the Finance and Administration Committee (Committee) of the Board of Directors (Board) of the Orange County Transportation Authority (OCTA) serves as OCTA's audit committee with audit oversight of Measure M2 projects, programs, and financial records, the role of the Subcommittee is to augment the Committee's audit oversight as it relates specifically to Measure M2 projects, programs, and financial records.

All members of the Subcommittee will participate in fulfilling these responsibilities. At least one member of the Subcommittee will have financial experience sufficient to provide guidance and assistance to other Subcommittee members on matters related to government accounting, auditing, budgeting, and finance.

In fulfilling its audit responsibilities, the Subcommittee will have prompt and unrestricted access to all relevant OCTA documents, records, and staff. Requests by the Subcommittee for financial or other resources sufficient to fulfill these responsibilities, and beyond that already existing in OCTA's adopted budget, will be directed, through the full TOC, to OCTA's Chair of the Board.

Members of the Subcommittee will be independent of OCTA, its contractors, consultants, and agents, in both fact and appearance, and will consult with the Chairman of the TOC concerning any circumstances which may compromise their ability to meet this standard. Members of the Subcommittee will comply with all applicable state and federal laws in the performance of their duties under this audit charter.

Responsibilities of the Subcommittee will include, but may not be limited to, the following:

Independent Financial Statements Audits

1. Review with management and the independent financial statement auditors:
 - a. The annual financial statements of the Orange County Local Transportation Authority and related footnotes, schedules, and unadjusted differences, including

the accounting principles used, and significant estimates or judgments made by management.

- b. Any other independent audit reports the Subcommittee believes may be relevant to the exercise of its duties.
2. Discuss with the independent financial statement auditors any difficulties encountered during the course of their work, disagreements with management, or restrictions or limitations placed upon them.
3. Assist OCTA in the selection, retention, or discharge of its independent auditor. This assistance may be provided through:
 - a. Participation on the independent auditor procurement selection panel.
 - b. In coordination with the full TOC, provide performance feedback regarding the independent auditor to OCTA's Board and/or Internal Audit Department (Internal Audit).
4. Inquire of the auditors as to their independence, their compliance with Government Auditing Standards, and applicable accounting and auditing guidance issued by the Government Accounting Standards Board, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and other standard-setting bodies.

Independent Outside Compliance Audit

1. Review with management and the independent outside auditors results of the annual compliance audit of the OCLTA, Measure M2 Ordinance No. 3, including any identified instances of non-compliance, or any significant deficiencies or material weaknesses in internal controls identified through the audit.
2. Discuss with the independent outside auditors any difficulties encountered during the course of their work, disagreements with management, or restrictions or limitations placed upon them.
3. Assist OCTA in the selection, retention, or discharge of its independent outside compliance auditor. This assistance may be provided through:
 - Participation on the independent outside compliance auditor procurement selection panel.
 - In coordination with the full TOC, provide performance feedback regarding the independent outside compliance auditor to OCTA's Board and/or Internal Auditor.
4. Inquire of the auditors as to their independence, their compliance with Government Auditing Standards, and applicable accounting and auditing guidance issued by the Government Accounting Standards Board, the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, and other standard-setting bodies.

Agreed-Upon Procedures

1. Review with the independent auditors the results of agreed-upon procedures performed at the direction of the Subcommittee and/or the Board of OCTA.
2. Design procedures to provide assurance that Measure M2 funds are used in compliance with the ordinance, and expenditures are reported accurately.
3. Periodically evaluate the sufficiency and applicability of the procedures.
4. In coordination with the full TOC, provide management and OCTA's Board with recommendations based on the results of the procedures.
5. Review relevant city/county data and select a sample of jurisdictions for annual audit, to determine the level of compliance with the Measure M2 ordinance.

Triennial Performance Assessment

1. Participate in the development of a scope of work for the triennial performance assessment required by Measure M2.
2. Participate in the selection of the independent consultant.
3. Review the results of the triennial performance assessment, including management responses. Monitor the implementation of all recommendations.
4. In coordination with the full TOC, provide feedback to OCTA's Board on the performance of the independent consultant, the adequacy of management's responses, and/or the sufficiency of corrective action planned in response to audit recommendations.

Internal Audit and Internal Controls

1. Receive and review the annual Internal Audit plan and quarterly updates of audit activity.
2. Review internal audit reports that have Measure M2 implications, including management responses and planned corrective action.
3. Consider the effectiveness of OCTA's system of internal controls, including controls over financial reporting.
4. Inquire of Internal Audit as to restrictions or limitations placed upon it by management or the Board.
5. Review the results of Internal Audit's triennial quality assurance (or "peer") review and confirm that Internal Audit has been found independent as defined by Government Auditing Standards.
6. In coordination with the full TOC, provide OCTA's Board feedback or recommendations related to audit findings, internal controls, or the performance of the internal audit function.

Other

1. Review this Audit Charter at least annually to assess its adequacy and recommend changes.
2. Provide updates to the TOC on actions taken, communications by, or recommendations made by the Subcommittee.
3. Inquire annually of the Chairman of the Committee as to any concerns the Committee has regarding OCTA's internal controls, its internal audit function, its independent financial statement auditors and independent outside compliance auditors, Measure M2 projects, programs, financial records, or other matters, and report to the full TOC.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY Ordinance No. 3 Tracking Matrix For Period Ending December 31, 2025							
Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
1.00	Administrative and General Requirements						
2.00	Has a transportation special revenue fund ("Local Transportation Authority [LTA] Special Revenue Fund") been established to maintain all Revenues?	Sec. 10.1	F & A	One-time, start-up	Completed	Sean Murdock	Yes. The LTA Fund (Fund 17) was established for this purpose. A discussion of the fund and its purpose can be found in the Orange County Local Transportation Authority (OCLTA) audited financial statements. Please reference: "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025. Additionally, a compliance audit for fiscal year (FY) 2023-24 confirmed that OCLTA complied, in all material respects, with the Measure M2 (M2) Ordinance and no deficiencies in internal control were identified. The compliance audit for FY 2024-25 is anticipated to be presented to the Orange County Transportation Authority (OCTA) Board of Directors (Board) in May 2026. Please reference: "Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024," dated April 28, 2025.
3.00	Have the imposition, administration and collection of the tax been done in accordance with all applicable statutes, laws, rules, and regulations prescribed and adopted by California Department of Tax and Fee Administration (formerly State Board of Equalization)?	Sec. 3	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor's report on financial statements. Please reference: "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025. Additionally, a compliance audit for FY 2023-24 confirmed that OCLTA complied, in all material respects, with the M2 Ordinance and no deficiencies in internal control were identified. The compliance audit for FY 2024-25 is anticipated to be presented to the OCTA Board in May 2026. Please reference: "Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024," dated April 28, 2025.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
4.00	Have Net Revenues been allocated solely for the transportation purposes described in the Ordinance?	Sec. 4	F & A	Recurring	Completed to date	Sean Murdock	<p>Yes. See independent auditor's report on financial statements. Please reference: "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025.</p> <p>Additionally, a compliance audit for FY 2023-24 confirmed that OCLTA complied, in all material respects, with the M2 Ordinance and no deficiencies in internal control were identified. The compliance audit for FY 2024-25 is anticipated to be presented to the OCTA Board in May 2026. Please reference: "Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024," dated April 28, 2025.</p>
5.00	"Pay as you go" financing is the preferred method of financing transportation improvements and operations under the Ordinance. Before issuing bonds, has the Authority determined the scope of expenditures made "pay-as-you-go" financing unfeasible?	Sec. 5	F & A, Planning	Recurring	Completed to date	Sean Murdock	<p>Yes. Please reference: "Plan of Finance for Early Action Plan," Attachment D, dated November 9, 2007. "Renewed Measure M Early Action Plan Review," dated December 14, 2009. "Measure M2 Plan of Finance," dated October 25, 2010. "Paying for Measure M2 Projects – Bond Financing," legal memo, dated March 5, 2012. "Measure M2 Plan of Finance," dated November 26, 2012. "Approval of the 2018 Measure M2 Plan of Finance, Issuance of Measure M2 Bonds, Selection of Underwriting Team, and Bond Counsel Services Amendment," dated November 12, 2018.</p>
6.00	Have maintenance of effort (MOE) levels been established for each jurisdiction for FY 2010-2011 pursuant to Ordinance No. 2?	Sec. 6	Planning	One-time, start-up	Completed	Adriann Cardoso/ Charvalen Alacar	<p>Yes. The MOE benchmark for each jurisdiction was originally established under Ordinance No. 2. MOE for FY 2010-11 was established and adopted by the OCTA Board as part of the M2 Eligibility Guidelines. Please reference: "Measure M2 Local Agency Eligibility Guidelines and Requirements," dated January 25, 2010.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
7.00	Have city MOE levels been adjusted by July 1, 2014, and every three years thereafter using the Caltrans Construction Cost Index (CCI)?	Sec. 6	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>No. There have been four MOE benchmark adjustments that occurred by July 1 of 2014, 2017, 2020, and 2023. However, the 2020 MOE benchmark adjustment did not use the Caltrans CCI due to the coronavirus (COVID-19) pandemic. See Item 7.01.</p> <p>The most recent adjustment was approved by the Board on April 10, 2023. At the time, several cities had not adopted their final FY 2021-22 Annual Comprehensive Financial Report (ACFR). Draft ACFR or general fund revenue (GFR) trial balance figures were provided and used to calculate an estimated benchmark. OCTA later received final FY 2021-22 ACFRs from all jurisdictions, and revisions to four of the cities' MOE benchmarks were required due to changes in GFR. Separately, based on revised information provided by the City of San Clemente, their MOE benchmark also required adjustment. These adjustments were approved by the Board on July 10, 2023. The next MOE adjustment is anticipated in 2026.</p> <p>Please reference: "Fiscal Year 2023-24 Measure M2 Maintenance of Effort Adjustment and Updates to the Eligibility, Countywide Pavement Management Plan, and Local Signal Synchronization Plan Guidelines," dated April 10, 2023. "Measure M2 Eligibility Recommendations for Fiscal Year 2021-22 Expenditure Reports and Maintenance of Effort Benchmark Adjustments," dated July 10, 2023.</p> <p>Please also reference the following: "Fiscal Year 2014-15 Measure M2 Eligibility Guidelines Update," dated April 14, 2014. "Fiscal Year 2014-15 Maintenance of Effort Benchmark Adjustments," dated August 11, 2014, to see adjustments made for the cities of La Habra, Laguna Woods, Los Alamitos, and Yorba Linda. "Fiscal Year 2017-18 Measure M2 Maintenance of Effort Adjustment and Updates to the Eligibility and Local Signal Synchronization Plan Guidelines," dated April 10, 2017.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>"Measure M2 Eligibility Review Recommendations for Fiscal Year 2015-16 Expenditure Reports and City of San Juan Capistrano's Maintenance of Effort Benchmark," dated May 8, 2017.</p> <p>"Fiscal Year 2018-19 Measure M2 Eligibility and Countywide Pavement Management Plan Guidelines and City of Placentia's Maintenance of Effort Benchmark," dated April 9, 2018.</p>
7.01	Were MOE benchmarks adjusted to address COVID-19 impacts for FY 2019-20, FY 2020-21, and FY 2021-22?	Sec. 6	Planning	FY 2019-20 FY 2020-21 FY 2021-22	Completed	Francesca Ching & Adriann Cardoso/Charvalen Alacar	<p>Yes. The Board approved two amendments to Ordinance No. 3 to assist local jurisdictions meet the MOE requirement for FY 2019-20, FY 2020-21, and FY 2021-22.</p> <p>Please reference:</p> <p>"Fiscal Year 2020-21 Updates to the Measure M2 Eligibility, Local Signal Synchronization Plan, and Pavement Management Plan Guidelines," dated April 13, 2020.</p> <p>"Proposed Amendment to the Orange County Local Transportation Authority M2 Ordinance No. 3," dated May 11, 2020.</p> <p>"Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," dated June 22, 2020.</p> <p>"Measure M2 Annual Eligibility Review," dated December 14, 2020, to see adjustments made for the cities of Buena Park and Villa Park.</p> <p>"Proposed Amendment to the Orange County Local Transportation Authority M2 Ordinance No. 3," dated April 12, 2021.</p> <p>"Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," dated May 24, 2021.</p>
8.00	Have MOE requirements been met annually by each jurisdiction?	Sec. 6	Planning	Recurring	Completed to date	Adriann Cardoso/Charvalen Alacar	<p>No. Four cities have been found ineligible to receive net M2 revenues based upon failing to meet and/or substantiate MOE expenditures to meet requirements. The Board suspended all disbursements of M2 funding and required the cities to sign separate settlement agreements that identified steps to regain compliance.</p> <p>On May 13, 2019, the Board found the cities of Stanton and Santa Ana ineligible based on Agreed-Upon Procedures (AUP) findings for FY 2017-18.</p> <p>Please reference:</p> <p>"Measure M2 Eligibility for the City of Santa Ana," and "Measure M2 Eligibility for the City of Stanton," dated May 13, 2019.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>“Settlement Agreement and Release of Claims,” dated July 22, 2019, for the City of Stanton. “Settlement Agreement and Release of Claims,” dated October 22, 2019, for the City of Santa Ana.</p> <p>On April 13, 2020, the Board determined the cities of Santa Ana and Stanton eligible to receive M2 net revenues again based on second AUP findings that each city fulfilled the settlement agreement terms and their respective MOE requirements. Payments were reinitiated and suspended funds that were held in reserve were disbursed. Please reference: “Measure M2 Eligibility for the City of Santa Ana,” and “Measure M2 Eligibility for the City of Stanton,” dated April 13, 2020.</p> <p>On May 22, 2023, the Board found the City of Cypress ineligible based on the AUP findings for FY 2021-22. Please reference: “Measure M2 Eligibility for the City of Cypress,” dated May 22, 2023. “Settlement Agreement and Release of Claims,” dated August 14, 2023.</p> <p>On May 28, 2024, the Board determined the City of Cypress eligible to receive M2 net revenues again based on second AUP findings that the city fulfilled the settlement agreement terms and their respective MOE requirements. Payments were reinitiated and suspended funds that were held in reserve were disbursed. Please reference: “Measure M2 Eligibility for the City of Cypress,” dated May 28, 2024.</p> <p>On May 28, 2024, the Board found the City of Orange ineligible based on the AUP findings for FY 2022-23. Please reference: “Measure M2 Eligibility for the City of Orange,” dated May 28, 2024. “Settlement Agreement and Release of Claims,” dated July 10, 2024.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>On May 12, 2025, the Board determined the City of Orange eligible to receive M2 net revenues again based on second AUP findings that the city fulfilled the settlement agreement terms and their respective MOE requirements. Payments were reinitiated and suspended funds that were held in reserve were disbursed.</p> <p>Please reference: "Measure M2 Eligibility for the City of Orange," dated May 12, 2025.</p> <p>For the remaining 31 jurisdictions, MOE requirements have been met annually.</p> <p>Please reference: "Measure M2 Annual Eligibility Review Subcommittee Recommendations for Fiscal Year 2011-12 Expenditure Reports," dated March 11, 2013. "Measure M2 Eligibility Findings for Fiscal Year 2012-13 Expenditure Reports," dated March 10, 2014. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2013-14 Expenditure Reports," dated May 11, 2015. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2014-15 Expenditure Reports," dated May 9, 2016. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2015-16 Expenditure Reports and City of San Juan Capistrano's Maintenance of Effort Benchmark," dated May 8, 2017. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2016-17 Expenditure Reports," dated June 11, 2018. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2017-18 Expenditure Reports," dated July 8, 2019. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2018-19 Expenditure Reports," dated June 8, 2020. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2019-20 Expenditure Reports," dated June 14, 2021. "Measure M2 Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>“Measure M2 Eligibility Recommendations for Fiscal Year 2021-22 Expenditure Reports and Maintenance of Effort Benchmark Adjustments,” dated July 10, 2023.</p> <p>“Measure M2 Eligibility Review Recommendations for Fiscal Year 2022-23 Expenditure Reports,” dated July 8, 2024.</p> <p>“Measure M2 Eligibility Review Recommendations,” dated July 14, 2025.</p>
9.00	<p>Have Revenues expended for salaries and benefits of Authority administrative staff remained within the one percent per year limit?</p>	Sec 7	F & A	Recurring	Action plan in place	Sean Murdock/ Rima Tan	<p>Yes. These are tracked on a FY basis. Expenditures were 1% for the FY period between July 1, 2024, and June 30, 2025. Since inception, OCTA has encountered periods when expenditures needed to be covered by borrowings to meet the one percent of net revenue requirement. OCTA has Board approval to borrow from the Orange County Unified Transportation Trust (OCUTT), and to repay those funds with interest in future periods when administrative expenditures underrun revenue in any given year of the program.</p> <p>Please reference: “Orange County Transportation Authority Summary of Measure M2 Administrative Costs from Inception through June 30, 2025.”</p>
10.00	<p>Has the Authority, to the extent possible, used existing state, regional and local planning and programming data and expertise to carry out the purposes of the Ordinance?</p>	Sec. 7	Planning	Recurring	Completed to date	Francesca Ching	<p>Yes. OCTA, as appropriate, looks to other existing resources to ensure that work is not duplicative and that expenses are kept to a minimum. In cases where OCTA does not have the expertise available, OCTA contracts with other external agencies. For example, OCTA regularly has cooperative agreements with Caltrans, local universities, Army Corp of Engineers, and contracts with private sector experts as needed to meet the requirements of the Ordinance.</p> <p>For an example, please reference: “Memorandum of Agreement Between Orange County Transportation Authority and U.S. Army Corps of Engineers, Los Angeles District,” dated June 28, 2023.</p>
11.00	<p>Have expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses, been identified in an annual report pursuant to Ordinance No. 3, Sec. 10.8?</p>	Sec. 7 and Sec. 10.8	People and Community Engagement	Recurring	Completed to date	Maggie McJilton & Jennifer Beaver	<p>Yes. Annual reports, which are published on the OCTA website, identify expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses. Measure M1 (M1) Annual reports from the years 2008 - 2011 included minor updates on M2 Early Action Plan progress and funding.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							Please reference: "Measure M Annual Report 2008." "Measure M Annual Report 2009." "Measure M Annual Report 2010." "Measure M Annual Report 2011." "Measure M Annual Report 2012." "Measure M Annual Report 2013." "Measure M Annual Report 2014." "Measure M Annual Report 2015." "Measure M Annual Report 2016." "Measure M Annual Report 2017." "Measure M Annual Report 2018." "Measure M Annual Report 2019." "Measure M Annual Report 2020." "Measure M Annual Report 2021." "Measure M Annual Report 2022." "Measure M Annual Report 2023." "Measure M Annual Report 2024." "Measure M Annual Report 2025."
12.00	Has the 2006-2007 Authority appropriations limit been set at \$1,123 million?	Sec. 8	F & A	One-time, start-up	Completed	Sean Murdock	Yes. Please reference: "Resolution of the Orange County Local Transportation Authority Measure M Establishing Appropriations Limit for Fiscal Year 2006-07," dated June 12, 2006.
13.00	Has the Authority's appropriations limit been adjusted annually?	Sec. 8	F & A	Recurring	Completed to date	Sean Murdock	Yes. Please reference: "Resolution of the Orange County Local Transportation Authority/Renewed Measure M Establishing Appropriations Limit for Fiscal Year 2011-12," dated June 13, 2011. "Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limitation for Fiscal Year 2012-13," dated June 11, 2012.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2013-14," dated May 24, 2013.</p> <p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2014-15," dated June 9, 2014.</p> <p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2015-16," dated June 22, 2015.</p> <p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2016-17," dated June 13, 2016.</p> <p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2017-18," dated June 12, 2017.</p> <p>"Resolution of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2018-19," dated June 11, 2018.</p> <p>"Resolution No. 2019-027 of the Orange County Local Transportation Authority - Measure M2 Establishing Appropriations Limit for Fiscal Year 2019-20," dated June 10, 2019.</p> <p>"Resolution No. 2020-022 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2020-21," dated June 22, 2020.</p> <p>"Resolution No. 2021-043 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2021-22," dated June 28, 2021.</p> <p>"Resolution No. 2022-029 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2022-23," dated June 13, 2022.</p> <p>"Resolution No. 2023-025 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2023-24," dated June 12, 2023.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>"Resolution No. 2024-026 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2024-25," dated June 24, 2024.</p> <p>"Resolution No. 2025-030 of the Orange County Local Transportation Authority/Measure M2 Establishing Appropriations Limit for Fiscal Year 2025-26," dated June 9, 2025.</p>
14.00	<p>Has the County of Orange Auditor-Controller, in the capacity as Chair of the Taxpayer Oversight Committee (TOC), annually certified that the Revenues were spent in compliance with the Ordinance?</p>	Sec. 10.2	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	<p>Yes. Each year since 2007, the County Auditor-Controller has annually certified that revenues were spent in compliance with the Ordinance. For this reporting period, County Auditor-Controller Andrew Hamilton certified on June 18, 2025.</p> <p>Please reference:</p> <p>"Measure M Taxpayers Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 10, 2008.</p> <p>"Measure M Taxpayers' Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 23, 2009.</p> <p>"Measure M Taxpayers Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 8, 2010.</p> <p>"Measure M Taxpayers Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 14, 2011.</p> <p>"Measure M Taxpayers Oversight Committee Annual Public Hearing Results and Compliance Findings," dated February 13, 2012.</p> <p>"Measure M Taxpayers Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 11, 2013.</p> <p>"Measure M Taxpayer Oversight Committee Annual Public Hearing Results and Compliance Findings," dated March 10, 2014.</p> <p>"Taxpayer Oversight Committee Measure M Annual Public Hearing Results and Compliance Findings," dated February 23, 2015.</p> <p>"Taxpayer Oversight Committee Measure M Annual Public Hearing Results and Compliance Findings," dated April 25, 2016.</p> <p>"Taxpayer Oversight Committee Measure M Annual Public Hearing Results and Compliance Findings," dated April 24, 2017.</p> <p>"Taxpayer Oversight Committee Measure M2 Annual Public Hearing Results and Compliance Finding," dated April 23, 2018.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2025

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							<p>"Taxpayer Oversight Committee Measure M2 Annual Public Hearing Results and Compliance Finding," dated June 24, 2019.</p> <p>"Taxpayer Oversight Committee Measure M2 Annual Public Hearing Results and Compliance Findings," dated June 22, 2020.</p> <p>"Taxpayer Oversight Committee Measure M2 Annual Public Hearing Results and Compliance Finding," dated June 28, 2021.</p> <p>"Taxpayer Oversight Committee Measure M Annual Public Hearing Results and Compliance Finding," dated June 27, 2022.</p> <p>"TOC M2 Annual Public Hearing Compliance Memo," dated June 23, 2023.</p> <p>"TOC M2 Annual Public Hearing Compliance Memo," dated June 11, 2024.</p> <p>"TOC M2 Annual Public Hearing Compliance Memo," dated June 18, 2025.</p>
15.00	<p>Have receipt, maintenance, and expenditure of Net Revenues been distinguishable in each jurisdiction's accounting records from other funding sources, and distinguishable by program or project?</p>	Sec. 10.3	F & A, Internal Audit	Recurring	Action plan in place	Sean Murdock	<p>Yes. Local jurisdictions submit expenditure reports annually that distinguish funding sources and tie to accounting records that are subject to AUP. Starting with the 2011 version of the annual expenditure report, local jurisdictions' finance directors are also required to attest to this requirement and each year hereafter. Jurisdictions are also subject to AUP that cover this requirement. Internal Audit, through an external auditing firm, applies AUP to 8 to 10 jurisdictions per year covering this matter. Expenditure reports for each jurisdiction are reviewed by staff and the TOC. The jurisdictions subject to AUP are selected by the TOC Audit Subcommittee.</p> <p>The cities of Buena Park and Huntington Beach were found ineligible to receive M2 funds by the Board on May 28, 2024, and May 12, 2025, respectively. The Board approved eligibility for the remaining 33 jurisdictions on July 14, 2025. The eligibility for the City of Orange, which was found ineligible in 2024, was reinstated by the Board on May 12, 2025.</p> <p>Please reference: "Measure M2 Eligibility for the City of Buena Park," dated May 28, 2024. "Measure M2 Eligibility for the City of Orange," dated May 12, 2025.</p>

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							“Measure M2 Eligibility for the City of Huntington Beach,” dated May 12, 2025. “Measure M2 Eligibility Review Recommendations,” dated July 14, 2025.
16.00	Has interest earned on Net Revenues allocated pursuant to the Ordinance been expended only for those purposes for which Net Revenues were allocated?	Sec. 10.3	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor's findings related to applying AUP to the M2 Status Report. Please reference: “Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports,” dated January 26, 2026.
17.00	Have jurisdictions used Net Revenues only for transportation purposes authorized by the Ordinance?	Sec. 10.4	F & A, Internal Audit	Recurring	Action plan in place	Sean Murdock	No. See notes in Item 15.00.
18.00	If any jurisdiction used Net Revenues for other than transportation purposes, have they fully reimbursed the Authority the Net Revenues misspent and been deemed ineligible to receive Net Revenues for a period of five years?	Sec. 10.4	F & A	Recurring	Action plan in place	Sean Murdock	Yes. The FY 2022-23 AUP reported that the City of Buena Park (Buena Park) could not provide sufficient support for its use of M2 Local Fair Share (LFS) funds related to indirect labor charges. As a result, the auditors disallowed a total of \$387,576. On May 28, 2024, the Board found Buena Park ineligible to receive M2 Net Revenues for a period of five years and sought reimbursement of the \$387,576 in disallowed funds. The Board also required Buena Park to sign a settlement agreement to formalize the required actions to reestablish eligibility and other terms. Please reference: “Measure M2 Eligibility for the City of Buena Park,” dated May 28, 2024. “Settlement Agreement and Release of Claims,” dated July 10, 2024. On July 26, 2024, Buena Park reimbursed OCTA for the \$387,567 in disallowed Net Revenues. Once it is determined via application of AUP that Buena Park has fulfilled the settlement agreement terms, OCTA staff will return to the Board to consider reestablishing eligibility for the Buena Park. Please reference: “City of Buena Park Reimbursement of Unsupported Local Fair Share Expenditures,” dated July 26, 2024. On June 9, 2025, the OCTA Board approved an item authorizing staff to revise the existing agreement with Buena Park to allow the city to apply

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							<p>for and compete for M2 competitive funding opportunities through the Comprehensive Transportation Funding Programs (CTFP) during its period of ineligibility. Consistent with the Board action, any competitive M2 funds awarded to Buena Park during the ineligibility period will be withheld and not disbursed until the Board formally reestablishes the City's eligibility to receive M2 Net Revenues. All other terms and conditions of the 2024 settlement agreement remain in full force and effect.</p> <p>Please reference: "Measure M2 Eligibility Update for the City of Buena Park," dated June 9, 2025. "Notification of OCTA Board Action Regarding Competitive Measure M2 Funding Eligibility," letter, dated July 2, 2025.</p> <p>The FY 2024-25 AUP identified that the City of Huntington Beach (Huntington Beach) reported \$29,249 in LFS expenditures that were not allowable. On May 12, 2025, the Board found Huntington Beach ineligible to receive M2 Net Revenues for a period of five years and sought reimbursement of the \$29,249 in disallowed funds. The Board also required Huntington Beach to sign a settlement agreement to formalize the required actions to reestablish eligibility and other terms. Please reference: "Measure M2 Eligibility for the City of Huntington Beach," dated May 12, 2025. "Settlement Agreement and Release of Claims," dated July 25, 2025.</p> <p>On July 11, 2025, Huntington Beach reimbursed OCTA for the \$29,249 in disallowed Net Revenues. Once it is determined via application of AUP that Huntington Beach has fulfilled the settlement agreement terms, OCTA staff will return to the Board to consider reestablishing eligibility for Huntington Beach. Please reference: "City of Huntington Beach Reimbursement of Unallowable Local Fair Share Expenditures," dated July 11, 2025.</p>

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							For the remaining 33 jurisdictions, there have been no other occurrences to date.
19.00	Has a TOC been established to provide an enhanced level of accountability for expenditures of Revenues and to help ensure that all voter mandates are carried out as required?	Sec. 10.5	People and Community Engagement	One-time, start-up	Completed	Chris Boucly/ Marissa Espino	Yes. The Citizens Oversight Committee (COC) established under M1 was transitioned into the TOC in August 2007. The transition was mentioned in the OCTA staff update portion of the June 12, 2007, COC meeting minutes, included in the August 28, 2007, TOC meeting agenda packet. The TOC has since met regularly to provide an enhanced level of accountability for expenditures of revenues and to help ensure that all voter mandates are carried out as required. Please reference: "Taxpayers Oversight Committee Agenda Packet," dated August 28, 2007, for the June 12, 2007, meeting minutes.
20.00	Have performance assessments to evaluate efficiency, effectiveness, economy, and program results been conducted every three years?	Sec. 10.6	PMO	Recurring	Completed to date	Francesca Ching	Yes. To date, six Triennial M2 Performance Assessments have been conducted. The sixth performance assessment covering FY 2021-22 to FY 2023-24 was presented to the Board in March 2025. Please reference: "Measure M2 Triennial Performance Assessment Status Report," for FY 2006-07 to FY 2008-09, dated November 22, 2010. "Measure M2 Performance Assessment Report," for FY 2009-10 to FY 2011-12, dated April 8, 2013. "Measure M2 Performance Assessment Report," for FY 2012-13 to FY 2014-15, dated August 8, 2016. "Measure M2 Performance Assessment Report," for FY 2015-16 to FY 2017-18, dated March 11, 2019. "Measure M2 Performance Assessment Report," for FY 2018-19 to FY 2020-21, dated April 25, 2022. "Measure M2 Performance Assessment Report," for FY 2021-22 to FY 2023-24, dated March 10, 2025.
21.00	Have the performance assessments been provided to the TOC?	Sec. 10.6	PMO, People and Community Engagement	Recurring	Completed to date	Francesca Ching & Chris Boucly	Yes. To date, six performance assessments have been provided to the TOC. Please reference: "Taxpayers Oversight Committee Agenda Packet," dated December 14, 2010. "Taxpayers Oversight Committee Agenda Packet," dated April 9, 2013.

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							<p>"Taxpayers Oversight Committee Agenda Packet," dated June 14, 2016.</p> <p>"Taxpayers Oversight Committee Agenda Packet," dated April 9, 2019.</p> <p>"Taxpayers Oversight Committee Agenda Packet," dated April 12, 2022.</p> <p>"Taxpayer Oversight Committee Agenda Packet," dated March 11, 2025.</p>
22.00	<p>Have quarterly status reports regarding the major projects detailed in the Plan been brought before the Authority in public meetings?</p>	Sec. 10.7	PMO	Recurring	Completed to Date	Francesca Ching	<p>Yes. Quarterly reports have consistently been brought before the Board. The reports are posted on the OCTA website and saved in the M2 Document Center. The latest report was presented to the Board on April 27, 2026.</p> <p>Please reference the following reports for calendar year 2025:</p> <p>"Measure M2 Quarterly Progress Report for the Period of January 2025 through March 2025," dated June 9, 2025.</p> <p>"Measure M2 Quarterly Progress Report for the Period of April 2025 through June 2025," dated September 8, 2025.</p> <p>"Measure M2 Quarterly Progress Report for the Period of July 2025 through September 2025," dated December 8, 2025.</p> <p>"M2 Quarterly Progress Report for the Period of October 2025 to December 2025," dated April 27, 2026.</p>
23.00	<p>Has the Authority published an annual report on how revenues have been spent and on progress toward implementation and publicly reported on the findings?</p>	Sec. 10.8	People and Community Engagement	Recurring	Completed to date	Maggie McJilton & Jennifer Beaver	<p>Yes. See Item 11.00. These annual reports were prepared and made public since FY 2010-11. The FY 2024-25 information can be found on the 2025 infographic and M2 website.</p>
24.00	<p>Has the Authority, every ten years, conducted a comprehensive review of all projects and programs implemented under the Plan to evaluate the performance of the overall program?</p>	Sec. 11	PMO	Recurring	Completed to date	Francesca Ching	<p>Yes. The first comprehensive Ten-Year Review was conducted for the period covering November 8, 2006, through June 30, 2015. The final report was presented to the Board on October 12, 2015. The second comprehensive Ten-Year Review is underway and is anticipated to be complete in early 2026. The framework, draft schedule, and subsequent updates for this effort were presented to the Board beginning October 14, 2024, with additional updates provided throughout 2025 documenting interim milestones and ongoing review activities.</p> <p>Please reference:</p> <p>"Measure M2 Ten-Year Review Report," dated October 12, 2015.</p> <p>"Measure M2 Ten-Year Review Framework," dated October 14, 2024.</p>

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							<p>"Measure M2 Ten-Year Review Look Ahead," dated March 10, 2025. "Measure M2 Ten-Year Review Update," dated June 9, 2025. "Measure M2 Ten-Year Review Update," dated August 28, 2025. "Measure M2 Ten-Year Review Update," dated December 8, 2025.</p>
25.00	<p>If the Authority has amended the Ordinance, including the Plan, has the Authority followed the process and notification requirements in Ordinance No. 3, Sec. 12, including approval by not less than two-thirds vote of the TOC?</p>	Sec. 12	PMO, People and Community Engagement	Recurring	Completed to Date	Francesca Ching & Chris Boucly /Marissa Espino	<p>Yes. There have been five amendments to Ordinance No. 3.</p> <p>For Amendment #1 (November 9, 2012) to the Plan (Freeway Category), OCTA followed the Plan amendment process and notification requirements (including TOC approval on October 9, 2012). Please reference: "Public Hearing to Amend the Measure M2 Transportation Investment Plan for the Freeway Program," for Amendment #1, dated November 9, 2012.</p> <p>For Amendment #2 (November 25, 2013) to the Ordinance (Attachment C), OCTA followed the Ordinance amendment process and notification requirements (did not require TOC approval). Please reference: "Public Hearing on Proposal to Amend Orange County Local Transportation Authority Ordinance No. 3 to Modify Taxpayer Oversight Committee Membership Eligibility," for Amendment #2, dated November 25, 2013.</p> <p>For Amendment #3 (December 14, 2015, corrected on March 14, 2016) to the Plan (Transit Category) and Ordinance (Attachment B), OCTA followed the Plan amendment process and notification requirements (including TOC approval on November 10, 2015). Please reference: "Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program," for Amendment #3, dated December 14, 2015. "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," for corrections to the Amendment, dated March 14, 2016.</p>

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							For Amendments #4 (June 22, 2020) and #5 (May 24, 2021) to the Ordinance (Attachment C), OCTA followed the Ordinance amendment process and notification requirements (did not require TOC approval). Please reference: "Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," for Amendment #4, dated June 22, 2020. "Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," for Amendment #5, dated May 24, 2021.
26.00	General Requirements – Allocation of Net Revenues						
27.00	Have at least five percent of the Net Revenues allocated for Freeway Projects been used to fund Programmatic Mitigation of Freeway Projects, and have these funds derived by pooling funds from the mitigation budgets of individual Freeway Projects?	Att. B, Sec. II.A.5	F & A	30-year	Completed to date	Sean Murdock	Yes. See independent auditor’s findings related to applying AUP to the M2 Status Report. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.
28.00	Has the Authority used Revenues as follows: <ul style="list-style-type: none"> - First, paid the California Department of Tax and Fee Administration (formerly State Board of Equalization) for services and functions? - Second, paid the administrative costs of the Authority? - Third, satisfied the annual allocation of two percent of Revenues for Environmental Cleanup? - Fourth, satisfied the debt service requirements of all bonds issued pursuant to the Ordinance that are not satisfied out of separate allocations? 	Att. B, Sec. IV.A.1-4	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor’s findings related to applying AUP to the M2 Status Report. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.
29.00	After providing for the use of Revenues as described above, has the Authority allocated Net Revenues as follows: <ul style="list-style-type: none"> - Freeway Projects – 43%? - Streets and Roads Projects – 32%? - Transit Projects – 25%? 	Att. B, Sec. IV.B.1-3	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor’s findings related to applying AUP to the M2 Status Report. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.
30.00	Has the allocation of the 32 percent for Streets and Roads Projects been made as follows: <ul style="list-style-type: none"> - Regional Capacity Program projects – 10% of Net Revenues? 	Att. B, Sec. IV.C.1-3	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor’s findings related to applying AUP to the M2 Status Report. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.

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	<ul style="list-style-type: none"> - Regional Traffic Signal Synchronization Program projects – 4% of Net Revenues? - Local Fair Share (LFS) Program projects – 18% of Net Revenues? 						
31.00	If the percentage basis of the allocation of Net Revenues in any given year is different than required by Sections B and C (except for LFS Program projects), have the percentage allocations set forth in Sections B and C been achieved during the duration of the Ordinance?	Att. B, Sec. IV.D	F & A	30-year	Underway	Sean Murdock	The percentage basis allocation is not an annual requirement but must be achieved during the duration of the Ordinance.
32.00	Have Net Revenues allocated for the LFS Program pursuant to Att. B, Sec. IV.C been paid to Eligible Jurisdictions within 60 days of receipt by the Authority?	Att. B, Sec. IV.E	F & A	Recurring	Completed to date	Sean Murdock	Yes. See General Accounting payments for LFS funds for FY 2024-25. Also note AUP to the M2 Status Report. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026. "Fiscal Year 2024-25 Project Q Local Fair Share Payments"
33.00	If the Authority exchanged Net Revenues from a Plan funding category for federal, state or other local funds, has the Authority and the exchanging public agency used the exchanged funds for the same program or project authorized for the use of the funds prior to the exchange, have such federal, state or local funds received by the Authority been allocated to the same Plan funding category that was the source of the exchanged Net Revenues?	Att. B, Sec. IV.F	Planning, F & A	Recurring	None to date	Sean Murdock	Not applicable to date because there have been no exchanges.
34.00	Has the Authority followed the requirement that in no event shall an exchange of funds reduce the Net Revenues allocated for Programmatic Mitigation of Freeway Projects?	Att. B, Sec. IV.F	Planning, F & A	Recurring	None to date	Sean Murdock	Not applicable to date because there have been no exchanges.
35.00	Has the Authority, upon review and acceptance of any Project Final Report, allocated the balance of Net Revenues, less the interest earned on the Net Revenues allocated for the project?	Att. B, Sec. IV.H	Planning	Recurring	Completed to Date	Adriann Cardoso/ Charvalen Alacar	Yes. As projects are completed, any unused funds from each project are made available for other projects within the same category, as needed. Examples below: "Public Hearing to Amend the Measure M2 Transportation Investment Plan for the Freeway Program," dated November 9, 2012. "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016.

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							There have been no reallocations across categories (43% Freeway, 32% Streets and Roads, and 25% Transit), in accordance with overall requirements in Att. B, Sec IV.B.
36.00	Requirements Related to All Freeway Projects						
37.00	Have Freeway Projects been planned, designed and constructed with consideration for their aesthetic, historic and environmental impacts on nearby properties and communities?	Att. A, p. 5 Freeway Projects Overview	Capital Programs – Highways	Recurring	Completed to Date	Jeff Mills	Yes. Freeway Projects are developed with input from cities, the public, other stakeholders, and various interest groups. For example, landscaping and aesthetics are prepared with input from city representatives and the public to ensure that each city is given an opportunity to include its own “theme” while preserving the overall uniformity on the freeways throughout Orange County. For example, please reference: “FI103 Project Report Final,” dated June 24, 2020.
38.00	Has a Master Agreement for environmental and programmatic mitigation of freeway projects between OCLTA and state and federal resource agencies been executed?	Att. A, p.5 Freeway Projects Overview	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	Yes. The Memorandum of Agreement and Planning Agreement, executed in January 2010, served as the Master Agreement. Please reference: “Memorandum of Agreement (MOA) Among the Orange County Transportation Authority (“OCTA”), the United States Fish and Wildlife Service (“USFWS”), the California Department of Fish and Game (“CDFG”), and the California Department of Transportation (“CALTRANS”) Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program,” C-9-0278, dated January 21, 2010. “Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP),” C-9-0279, dated January 21, 2010.

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39.00	Has the OCLTA made every effort to maximize Orange County's share of state and federal freeway dollars?	Att. B, Sec. II.A.1	Planning	Recurring	Completed to date	Adriann Cardoso	Yes. Since 2006, OCTA has received and programmed \$1.77 billion for freeway projects included in the M2 Plan: federal - \$695 million and state - \$1.08 billion. Please reference: "Capital Programming Update," dated December 8, 2025.
40.00	Have all major approval actions for Freeway Projects, including project concept, location, and any change in scope, been agreed upon by California Department of Transportation (Caltrans), the Authority, project sponsors, and where appropriate, the Federal Highway Administration (FHWA) and/or the California Transportation Commission (CTC)?	Att. B, Sec. II.A.2	Capital Programs - Highways	Recurring	Completed to Date	Jeff Mills	Yes. Coordination with the agencies listed is constant, and the required approval actions are obtained from the appropriate agencies. Project concept, location, and scope are determined when the preferred alternative is selected and identified in the final approved environmental document (ED). The Final ED is approved by Caltrans, which includes delegated National Environmental Policy Act (NEPA) authority from FHWA. The environmental documents are also provided to the CTC. Scope changes will often require changes to the Cooperative Agreement between OCTA and Caltrans. Design modifications and exceptions to design requirements are coordinated with Caltrans District 12 and Headquarters (Sacramento), which has the delegated authority from FHWA to approve design exceptions. Project Change Requests are required to be approved by both OCTA and Caltrans when a change in scope is large enough to warrant a change in project funding. Approval by the CTC may also be required if state funds are requested, or a baseline agreement amendment is required.
41.00	Has the Authority, prior to allocation of Net Revenues for any Freeway Project, obtained written assurances from the appropriate state agency that after the project is constructed to at least minimum acceptable state standards, the State shall be responsible for maintenance and operation?	Att. B, Sec. II.A.3	Capital Programs - Highways	Recurring	Completed to Date	Jeff Mills	Yes. Construction Cooperative Agreements between OCTA and Caltrans include language that assigns maintenance and operations to Caltrans. For an example, please reference Attachment A, article 34 of the agreement (C-3-2384), which was executed on April 10, 2024. Please reference: "Cooperative Agreement with the California Department of Transportation for the Interstate 605/Katella Avenue Interchange Project," dated April 10, 2024.
42.00	Have Freeway Projects been built largely within existing rights of way using the latest highway design and safety requirements?	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Completed to Date	Jeff Mills	Yes. Keeping generally within existing right-of-way (ROW) is one of the largest project parameters. For example, elimination of braided ramps on the I-405 Improvement Project was approved in the final environmental impact report (EIR)/environmental impact statement (EIS) to reduce the full ROW acquisitions while still ensuring that the design meets Caltrans design and safety standards. Keeping the ROW

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							<p>impacts to some partial acquisitions and primarily temporary construction easements while adding four lanes to the Interstate 405 (I-405) is a major accomplishment for a \$2.16 billion project, the largest project in the M2 freeway program, highlighting the importance placed on working within ROW constraints.</p> <p>Please reference: "San Diego Freeway (I-405) Improvement Project Final Environmental Impact Report/Environmental Impact Statement," dated March 26, 2015.</p>
43.00	<p>To the greatest extent possible within the available budget, have Freeway Projects been implemented using Context Sensitive Design? ("Context Sensitive Design features" are further described in the referenced provision.)</p>	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Completed to Date	Jeff Mills	<p>Yes. Freeway projects include many context sensitive design features, from the Planning stages, through Environmental, Design, and Construction. The project team, including Public Outreach, coordinates with local cities and other agencies on landscaping, aesthetics, and soft/hardscape features. For example, the construction of soundwalls requires public input, in the form of a soundwall survey, to determine if soundwalls will be built. Aesthetics of soundwalls, retaining walls and bridges take into account City and community preferences.</p> <p>Please reference: "San Diego Freeway (I-405) Improvement Project Final Environmental Impact Report/Environmental Impact Statement," dated March 26, 2015.</p>
44.00	<p>Have Freeway Projects, to the greatest extent possible within the available budget, been planned, designed, and constructed using a flexible community-responsive and collaborative approach to balance aesthetic, historic and environmental values with transportation safety, mobility, maintenance, and performance goals?</p>	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Completed to Date	Jeff Mills	<p>Yes. Community Outreach is a constant on all the Freeway Projects. Open Houses, City Council presentations, local agency meetings, and other forms of Outreach are deployed in order to obtain community feedback so that modifications are made, where possible, to retain these values. All design features and proposed changes are reviewed and approved by Caltrans to ensure safety, mobility, maintenance, and performance goals.</p> <p>Please reference: "San Diego Freeway (I-405) Improvement Project Final Environmental Impact Report/Environmental Impact Statement," dated March 26, 2015.</p>
45.00	<p>Have the Net Revenues allocated to Freeway Projects for use in funding Programmatic Mitigation for Freeway Projects been subject to the following:</p>	Att. B, Sec. II.A.5	Planning		Completed	Adriann Cardoso/ Lesley Hill	See notes in Items 45.01 to 45.09.

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45.01	Has a Master Environmental Mitigation and Resource Protection Plan and Agreement (Master Agreement) between the Authority and state and federal resources been developed?	Att. B, Sec. II.A.5.a	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	<p>Yes. See notes in Item 38.00. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement.</p> <p>Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)," C-9-0279, dated January 21, 2010.</p>
45.02	Does the Master Agreement include commitments by the Authority to provide programmatic environmental mitigation of Freeway Projects?	Att. B, Sec. II.A.5.a.(i)	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	<p>Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement. See notes in Item 1.00 within the Agreement which refers to commitments by OCTA to provide programmatic environmental mitigation of Freeway Projects.</p> <p>Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation</p>

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							Plan/Habitat Conservation Plan (NCCP/HCP) ," C-9-0279, dated January 21, 2010.
45.03	Does the Master Agreement include commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects?	Att. B, Sec. II.A.5.a.(ii)	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement. See Items 6 and 8 within the Agreement as it relates to commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects. Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)," C-9-0279, dated January 21, 2010.
45.04	Does the Master Agreement include an accounting process for mitigation obligations and credits that will document net environmental benefit from regional, programmatic mitigation in exchange for net benefit in the delivery of transportation improvements through streamlined and timely approvals and permitting?	Att. B, Sec. II.A.5.a.(iii)	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	Yes. Development of the Natural Community Conservation Plan (NCCP)/Habitat Conservation Plan (HCP) set forth the process to meet this provision (Sections 5 and 6). The Final NCCP/HCP was approved by the Board and the Final EIR/EIS was certified by the Board on November 28, 2016. Please reference: "Final Natural Community Conservation Plan/Habitat Conservation Plan and Associated Environmental Impact Report/Environmental Impact Statement for the Measure M2 Environmental Mitigation Program," dated November 28, 2016. The corresponding state and federal wildlife agency permits were received in June 2017.

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							<p>Please reference: "Implementing Agreement for the Orange County Transportation Authority Natural Community Conservation Plan (NCCP)/Habitat Conservation Plan (HCP) by and among the California Department of Fish and Wildlife, the United States Fish and Wildlife Service, the Orange County Transportation Authority, and the California Department of Transportation," dated June 19, 2017.</p> <p>An accounting process is folded into the NCCP/HCP for mitigation obligations and credits. An annual report is required and will document freeway project level impacts as well as mitigation performed for those freeway projects. The first annual report was completed in 2019 and included activities related to the NCCP/HCP from 2011 through 2018. The future annual reports will only include one year's activities in relation to the NCCP/HCP. Actual impacts will be compared against assumptions made within the NCCP/HCP. Net environmental benefits from the NCCP/HCP are summarized in Table ES-1 of the NCCP/HCP. Biological permits from the wildlife regulatory agencies were issued in advance, therefore streamlining the delivery of the transportation projects.</p>
45.05	<p>Does the Master Agreement include a description of the specific mitigation actions and expenditures to be undertaken and a phasing, implementation, and maintenance plan?</p>	Att. B, Sec. II.A.5.a.(iv)	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	<p>Yes. The Memorandum of Agreement and Planning Agreement, executed in January 2010, included this provision. Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation</p>

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							Plan/Habitat Conservation Plan (NCCP/HCP) ," C-9-0279, dated January 21, 2010.
45.06	Does the Master Agreement include appointment by the Authority of a Mitigation and Resource Protection Oversight Committee to make recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and to monitor implementation of the Master Agreement?	Att. B, Sec. II.A.5.a.(v)	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	Yes. The Environmental Oversight Committee (EOC) makes recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and also monitors the implementation of the Environmental Mitigation Program which is based on the Master Agreement. Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)," C-9-0279, dated January 21, 2010.
45.07	Was an EOC appointed and does it consist of no more than 12 members and is comprised of representatives of the Authority, Caltrans, state and federal resource agencies, non-governmental environmental organizations, the public and the TOC?	Att. B, Sec. II.A.5.a.(v)	Planning, People and Community Engagement	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill & Marissa Espino	Yes. Creation of the EOC occurred in 2007 with applicant scoring and selection for membership by the Transportation 2020 Committee on October 15, 2007. The first EOC meeting took place on November 13, 2007. Please reference: "Renewed Measure M Environmental Committees Selection Process," dated October 22, 2007. "Environmental Oversight Committee Agenda," dated November 13, 2007. "Environmental Oversight Committee Agenda Packet," dated January 16, 2008, for the November 13, 2007, meeting minutes. "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008.

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							<p>"Environmental Oversight Committee 2025 Roster," dated November 17, 2025.</p>
45.08	<p>Was the Master Agreement developed as soon as practicable following the approval of the ballot proposition by the electors?</p>	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	<p>Yes. The Memorandum of Agreement and Planning Agreement process began in early 2008. Please reference: "Memorandum of Agreement (MOA) Among the Orange County Transportation Authority ("OCTA"), the United States Fish and Wildlife Service ("USFWS"), the California Department of Fish and Game ("CDFG"), and the California Department of Transportation ("CALTRANS") Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program," C-9-0278, dated January 21, 2010. "Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)," C-9-0279, dated January 21, 2010.</p>
45.09	<p>Have the Authority and state and federal resource agencies developed the Master Agreement prior to the implementation of Freeway Projects?</p>	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Completed	Adriann Cardoso/ Lesley Hill	<p>Yes. The Memorandum of Agreement and Planning Agreement process began in early 2008 and was fully executed by OCTA and state and federal resources agencies in January 2010. During this timeframe, the Early Action Plan also authorized the project development processes for various M2 freeway projects, which included preliminary engineering, environmental studies, and final design work. The initiation of this work also maximized OCTA's ability to compete for state and federal funds (i.e., CMIA and federal stimulus). With the exception of the eastbound State Route 91 (SR-91) lane addition between SR-241 and SR-71 and the SR-22 access improvements, the rest of the M2 freeway projects did not begin construction until after January 2010. The Eastbound SR-91 lane addition project began construction in late 2009 and utilized primarily American Recover and Reinvestment Act (ARRA) federal stimulus funds and the SR-22 improvements were amended into M1 and completed early in 2007 as a "bonus project" as part of the SR-22 design-build project.</p>

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							Please reference: “Memorandum of Agreement (MOA) Among the Orange County Transportation Authority (“OCTA”), the United States Fish and Wildlife Service (“USFWS”), the California Department of Fish and Game (“CDFG”), and the California Department of Transportation (“CALTRANS”) Regarding the Mitigation for Freeway Improvement Projects Under the Renewed Measure M Ordinance Environmental Mitigation Program,” C-9-0278, dated January 21, 2010. “Planning Agreement by and among Orange County Transportation Authority, California Department of Transportation, California Department of Fish and Game, and United States Fish and Wildlife Service for the Orange County Transportation Authority/California Department of Transportation Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP),” C-9-0279, dated January 21, 2010.
46.00	Requirements Related to Specific Freeway Projects						
47.00	Project A						
48.00	Have Santa Ana Freeway (I-5) improvements between the Costa Mesa freeway (SR-55) and “Orange Crush” (SR-57) described in Project A been built:	Att. A, p. 7, Project A	Capital Programs - Highways	30-year	Modified; Completed	Jeff Mills	See notes in Items 48.01 to 48.03.
48.01	At the SR-55/I-5 interchange area between the Fourth Street and Newport Boulevard ramps on I-5?	Att. A, p. 7	Capital Programs - Highways	30-year	Modified	Jeff Mills	See notes in Item 48.02.
48.02	On SR-55 between Fourth Street and Edinger Avenue?	Att. A, p. 7	Capital Programs - Highways	30-year	Modified	Jeff Mills	No. Project A improvement limits do not include SR-55 between Fourth Street and Edinger Avenue (agreed to by cities and Caltrans) due to lack of support/consensus between Caltrans and local jurisdictions which is a requirement of M2. There are some improvements included in Project F on SR-55 between I-405 and I-5.

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48.03	On I-5 between SR-55 and SR-57?	Att. A, p. 7	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. Construction began in December 2018 and was completed in January 2021. This project added a second high-occupancy vehicle (HOV) lane in each direction and removed the underused I-5 Main Street HOV on- and off-ramps. Please reference: "FA101 Project Plans, pgs. 001-567," dated October 9, 2017. "FA101 Information Handout," dated August 27, 2018. "FA101 Notice to Bidders and Special Provisions," dated August 27, 2018. "FA101 Notice to Bidders - Addendum 01," dated September 25, 2018. "FA101 Notice to Bidders - Addendum 02," dated October 5, 2018. "FA101 Final Project Schedule Status Sheet," Project Controls schedule dated February 1, 2021.
49.00	Have the Project A improvements, as built, increased capacity and reduced congestion?	Att. A, p. 7, Project A	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. The project added capacity with a second HOV lane in each direction and reduced congestion upon construction completion as identified during the environmental phase.
50.00	Project B						
51.00	Have new lanes been built and interchanges improved on the Santa Ana Freeway (I-5) between the Costa Mesa freeway (SR-55) to El Toro "Y"?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Underway	Jeff Mills	The I-5, I-405 to SR-55 project was split into two segments for design and construction. This project will add a general-purpose lane in each direction, add auxiliary lanes where needed, and modify ramp configurations on select interchanges. Segment 1 (I-405 to Yale Avenue) was advertised for construction in August 2025, and construction bids were opened in November 2025. The contract award is anticipated to be executed in early 2026, followed by the start of construction. Please reference: "FB102 Project Plans, pgs. 001-1336," dated June 19, 2025. "FB102 Information Handout," dated August 18, 2025. "FB102 Notice to Bidders and Special Provisions," dated August 18, 2025. "FB102 Notice to Bidders – Addendum 01," dated August 26, 2025. "FB102 Notice to Bidders – Addendum 02," dated October 2, 2025. "FB102 Notice to Bidders – Addendum 03," dated October 6, 2025.

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							<p>“FB102 Notice to Bidders – Addendum 03 – Attachment 01,” dated October 6, 2025. “FB102 Notice to Bidders – Addendum 03 – Attachment 02,” dated October 6, 2025. “FB102 Notice to Bidders – Addendum 04,” dated October 14, 2025. “FB102 Notice to Bidders – Addendum 04 – Attachment 01,” dated October 14, 2025. “FB102 Notice to Bidders – Addendum 05,” dated November 12, 2025. “FB102 Notice to Bidders – Addendum 05 – Attachment 01,” dated November 12, 2025. “FB102 Notice to Bidders – Addendum 06,” dated November 13, 2025.</p> <p>Segment 2 (Yale Avenue to SR-55) was advertised for construction in August 2025 and awarded in November 2025. Construction began in December 2025 and is anticipated to complete in 2031. Please reference: “FB103 Project Plans, pgs. 001-1400,” dated June 26, 2025. “FB103 Information Handout,” dated August 11, 2025. “FB103 Notice to Bidders and Special Provisions,” dated August 11, 2025. “FB103 Notice to Bidders – Addendum 01,” dated August 18, 2025. “FB103 Notice to Bidders – Addendum 02,” dated September 24, 2025. “FB103 Notice to Bidders – Addendum 02 – Attachment 01,” dated September 24, 2025. “FB103 Notice to Bidders – Addendum 02 – Attachment 02,” dated September 24, 2025. “FB103 Notice to Bidders – Addendum 03,” dated September 25, 2025. “FB103 Notice to Bidders – Addendum 04,” dated October 2, 2025. “FB103 Notice to Bidders – Addendum 05,” dated October 9, 2025. “FB103 Notice to Bidders – Addendum 05 – Attachment 01,” dated October 9, 2025. “FB103 Notice to Bidders – Addendum 06,” dated October 10, 2025.</p>
52.00	Have the Project B improvements as built increased capacity and reduced congestion?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Underway	Jeff Mills	See notes in Item 51.00. The project will add capacity with one additional general-purpose lane in each direction and relieve congestion upon construction completion as identified during the environmental phase.

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53.00	Project C						
54.00	Have Santa Ana Freeway (I-5) improvements south of the El Toro "Y" been built with:	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Completed	Jeff Mills	See notes in Items 54.01 to 54.02.
54.01	New lanes from the vicinity of the El Toro Interchange in Lake Forest to the vicinity of SR-73 in Mission Viejo?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Completed	Jeff Mills	<p>Yes. The I-5, SR-73 to El Toro Road project (including interchange improvements at Avery Parkway and La Paz Road) was divided into three segments for design and construction. Construction of the freeway improvements for all three segments is complete. This project added a general-purpose lane in each direction, extended the second HOV lane in both directions from El Toro Road to Alicia Parkway, reconstructed the La Paz Road and Avery Parkway interchanges, and added auxiliary lanes where needed. A separate landscape contractor began plant establishment efforts for all three segments in June 2025, with completion anticipated by late 2026.</p> <p>Segment 1, I-5 between SR-73 and Oso Parkway (including improvements to Avery Parkway Interchange): Construction began in January 2020 and was completed in July 2025. Please reference: "FC102 Project Plans, pgs. 0001-1351," dated May 13, 2019. "FC102 Information Handout," dated August 26, 2019. "FC102 Notice to Bidders and Special Provisions," dated August 26, 2019. "FC102 Notice to Bidders - Addendum 01," dated September 25, 2019. "FC102 Notice to Bidders - Addendum 02," dated October 8, 2019. "FC102 Notice to Bidders - Addendum 03," dated October 10, 2019. "FC102 Final Project Schedule Status Sheet," Project Controls schedule dated October 6, 2025.</p> <p>Segment 2, I-5 between Oso Parkway and Alicia Parkway (including improvements to La Paz Interchange): Construction began in April 2019 and was completed in December 2024. Please reference: "FC105 Project Plans, pgs. 0001-1494," dated June 4, 2018.</p>

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							<p>“FC105 Information Handout,” dated November 5, 2018. “FC105 Notice to Bidders and Special Provisions,” dated November 5, 2018. “FC105 Notice to Bidders - Addendum 01,” dated December 20, 2018. “FC105 Notice to Bidders - Addendum 02,” dated January 4, 2019. “FC105 Notice to Bidders - Addendum 03,” dated January 10, 2019. “FC105 Notice to Bidders - Addendum 04,” dated January 14, 2019. “FC105 Final Project Schedule Status Sheet,” Project Controls schedule dated January 8, 2025.</p> <p>Segment 3, I-5 between Alicia Parkway and El Toro Road: Construction began in October 2020 and was completed in July 2025. Please reference: “FC106 Project Plans, pgs. 0001-1119,” dated March 30, 2020. “FC106 Information Handout,” dated May 11, 2020. “FC106 Notice to Bidders and Special Provisions,” dated May 11, 2020. “FC106 Project Plans, Addendum 01,” dated June 23, 2020. “FC106 Project Plans, Addendum 02,” dated June 25, 2020. “FC106 Final Project Schedule Status Sheet,” Project Controls schedule dated October 7, 2025.</p> <p>A separate landscape contractor began plant establishment efforts for all three segments in June 2025, with completion anticipated by late 2026. Please reference: “FC107 Project Plans, pgs. 001-125,” dated December 2, 2024. “FC107 Notice to Bidders and Special Provisions,” dated March 10, 2025. “FC107 Notice to Bidders – Addendum 01,” dated April 4, 2025. “FC107 Notice to Bidders – Addendum 01 – Attachment 01,” dated April 4, 2025.</p>
54.02	New lanes between Pacific Coast Highway and Avenida Pico?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. The I-5, Avenida Pico to San Juan Creek Road (including interchange improvements at Avenida Pico) was divided into three segments for design and construction. Construction on all three segments is complete. This project added a new HOV lane in both directions of I-5

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							<p>between PCH and Avenida Pico, reconstructed the Avenida Pico Interchange, and reconstructed on- and off-ramps along the project area.</p> <p>Segment 1, I-5, Avenida Pico to Avenida Vista Hermosa project (including interchange improvements at Avenida Pico): Construction began in December 2014 and was completed in August 2018. Please reference: "FC101 Project Plans, pgs. 001-635," dated March 10, 2014. "FC101 Information Handout," dated September 2, 2014. "FC101 Notice to Bidders and Special Provisions," dated September 2, 2014. "FC101 Notice to Bidders – Addendum 01," dated October 13, 2014. "FC101 Final Project Schedule Status Sheet," Project Controls schedule dated October 1, 2018.</p> <p>Segment 2, I-5, Avenida Vista Hermosa to PCH: Construction began in July 2014 and was completed in July 2017. Please reference: "FC103 Project Plans, pgs. 001-780," dated August 26, 2013. "FC103 Information Handout," dated February 3, 2014. "FC103 Notice to Bidders and Special Provisions," dated February 3, 2014. "FC103 Notice to Bidders - Addendum 01," dated March 14, 2014. "FC103 Notice to Bidders - Addendum 02," dated March 17, 2014. "FC103 Notice to Bidders - Addendum 03," dated April 7, 2014. "FC103 Final Project Schedule Status Sheet," Project Controls schedule dated August 1, 2017.</p> <p>Segment 3, I-5, PCH to San Juan Creek Road: Construction began in December 2013 and was completed in July 2018. Please reference: "FC104 Project Plans, pgs. 001-595," dated April 29, 2013. "FC104 Information Handout," dated August 19, 2013.</p>

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							"FC104 Notice to Bidders and Special Provisions," dated August 19, 2013. "FC104 Notice to Bidders - Addendum 01," dated September 27, 2013. "FC104 Notice to Bidders - Addendum 02," dated October 18, 2013. "FC104 Final Project Schedule Status Sheet," Project Controls schedule dated September 1, 2018.
54.03	Major improvements at local interchanges as determined in Project D?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Underway	Jeff Mills	Avenida Pico, Avery Parkway and La Paz Road are incorporated into project C. (See notes in Items 54.01 and 54.02 for the latest status which includes these interchanges and notes in Item 56.00 for remaining interchanges.)
55.00	Have the Project C improvements as built increased capacity and reduced congestion?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Completed	Jeff Mills	See notes in Items 54.01 and 54.02. The completed I-5 HOV Improvement projects from Avenida Pico to San Juan Creek Road and from SR-73 to El Toro Road increased corridor capacity and improved traffic operations, reducing congestion along the corridor through the addition of HOV and general-purpose lanes and improvements to interchanges and ramps, as identified during the environmental phase for each project.
56.00	Project D						
57.00	Have key I-5 interchanges such as Avenida Pico, Ortega Highway, Avery Parkway, La Paz Road, El Toro Road, and others been updated and improved to relieve street congestion around older interchanges and on ramps?	Att. A, p. 8, Project D	Capital Programs - Highways	30-year	Underway	Jeff Mills	See notes in Items 54.01 and 54.02 for status of Avenida Pico, Avery Parkway and La Paz Road interchanges. I-5, Ortega Highway Interchange: Construction began in September 2012 and was completed in January 2016. Please reference: "FD101 Project Plans, pgs. 001-515," dated April 9, 2012. "FD101 Information Handout," dated June 4, 2012. "FD101 Notice to Bidders and Special Provisions," dated June 4, 2012. "FD101 Notice to Bidders - Addendum 01," dated July 2, 2012. "FD101 Notice to Bidders - Addendum 02," dated July 19, 2012. "FD101 Notice to Bidders - Addendum 03," dated July 20, 2012. "FD101 Final Project Schedule Status Sheet," Project Controls schedule dated February 1, 2016.

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							<p>I-5, El Toro Road Interchange: The environmental phase began in April 2017. In December 2019, the completion of the environmental phase had been stalled due to lack of consensus on an alternative with the stakeholder cities. OCTA, in conjunction with Caltrans and the cities, completed an Alternatives Assessment, which identified two new Alternatives that were agreed to by Caltrans and staff from all cities. In May 2022, the Board received a presentation on the results of the Alternatives Assessment Study and approved in August 2022 to move forward with two new alternatives. Environmental work restarted in January 2023 and is anticipated to be complete in late 2026.</p> <p>Please reference: "Amendment to Cooperative Agreement with the California Department of Transportation for Preparation of the Project Report and Environmental Document for the Interstate 5/El Toro Road Interchange Project," dated August 8, 2022. "Update on Interstate 5/El Toro Road Interchange Project and Direction to Complete the Environmental Documentation," dated October 13, 2025.</p>
58.00	Project E						
59.00	Have interchange improvements on the Garden Grove Freeway (SR-22) been constructed at the following interchanges:	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Jeff Mills	<p>Yes. This project was completed in 2007. Improvements were made to the three interchanges listed below to reduce freeway and street congestion in the area. The project was completed early as a "bonus project" provided by the original Measure M.</p> <p>Please reference: "F7100 EA 0J9601 SR-22 As Built Plans Approved," dated November 30, 2006.</p>
59.01	Euclid Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. See notes in Item 59.00.
59.02	Brookhurst Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. See notes in Item 59.00.

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59.03	Harbor Boulevard?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. See notes in Item 59.00.
60.00	Project F						
61.00	Have new lanes, including merging lanes to smooth traffic, been added to the Costa Mesa Freeway (SR-55) between SR-22 and I-405 generally constructed within existing ROW?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>There are two segments for Project F.</p> <p>SR-55, I-405 and I-5: This project will add one general-purpose lane and one HOV lane in each direction and merge lanes between several interchanges. Construction began in June 2022 and is anticipated to be complete in early 2027. The project will generally be constructed within the existing ROW; however, ROW is required at 33 properties. Please reference: "FF101 Project Plans, pgs. 0001-2208," dated August 23, 2021. "FF101 Information Handout," dated December 6, 2021. "FF101 Notice to Bidders and Special Provisions," dated December 6, 2021. "FF101 Project Plans, Addendum 01," dated December 22, 2021. "FF101 Project Plans, Addendum 02," dated January 28, 2022. "FF101 Project Plans, Addendum 03," dated February 9, 2022. "FF101 Project Plans, Addendum 04," dated February 25, 2022.</p> <p>SR-55, I-5 and SR-91: This project will add one general-purpose lane in each direction between I-5 and SR-22 and provide operational improvements between SR-22 and SR-91. Final design began in August 2022 and is anticipated to be complete in early 2026. Construction is anticipated to begin in 2027. Please reference: "FF102 SR-55, I-5 to SR-91 Project Report," dated March 30, 2020.</p>
62.00	Have operational improvements been made to the SR-55 between SR-91 and SR-22?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>See notes in Item 61.00.</p> <p>Operations will improve upon construction completion as identified during the environmental phase.</p>

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63.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Underway	Jeff Mills	See notes in Item 61.00. These improvements will increase capacity and reduce congestion upon construction completion as identified during the environmental phase.
64.00	Project G						
65.00	Have the following improvements been made to the Orange Freeway (SR-57):	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Underway	Jeff Mills	There are a total of five project segments for Project G: Orangewood Avenue to Katella Avenue, Katella Avenue to Lincoln Avenue, Orangethorpe Avenue to Yorba Linda Boulevard, Yorba Linda Boulevard to Lambert Road, and Lambert Road to the Orange/Los Angeles County line. Operational improvements were also made to the Lambert Road interchange. See notes in Items 65.01 to 65.03.
65.01	A new northbound lane between Orangewood Avenue and Lambert Road?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Underway	Jeff Mills	See notes in Item 65.00. SR-57 northbound, Katella Avenue to Lincoln Avenue: Construction began in November 2011 and was completed in April 2015. This project added one general purpose lane in the northbound direction and improved on- and off- ramps. Please reference: "FG101 Project Plans, pgs. 001-527," dated April 18, 2011. "FG101 Information Handout," dated July 18, 2011. "FG101 Notice to Bidders and Special Provisions," dated July 18, 2011. "FG101 Notice to Bidders - Addendum 01," dated August 22, 2011. "FG101 Notice to Bidders - Addendum 02," dated August 26, 2011. "FG101 Notice to Bidders - Addendum 03," dated August 30, 2011. "FG101 Final Project Schedule Status Sheet," Project Controls schedule dated May 1, 2015. SR-57 northbound, Orangethorpe Avenue to Yorba Linda Boulevard: Construction began in October 2010 and was completed in November 2014. This project added one general purpose lane in the northbound direction and improved on- and off-ramps. Please reference:

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							<p>“FG102 Project Plans, pgs. 001-100,” dated December 14, 2009. The Project Plans were split into several files. Pages 101 to 960 can be found in the Document Center.</p> <p>“FG102 Information Handout,” dated May 10, 2010.</p> <p>“FG102 Notice to Bidders and Special Provisions,” dated May 10, 2010.</p> <p>“FG102 Notice to Bidders - Addendum 01,” dated June 14, 2010.</p> <p>“FG102 Notice to Bidders - Addendum 01 – Plans,” dated June 14, 2010.</p> <p>“FG102 Notice to Bidders - Addendum 02,” dated August 2, 2013.</p> <p>“FG102 Final Project Schedule Status Sheet,” Project Control schedule dated December 15, 2014.</p> <p>SR-57 northbound, Yorba Linda Boulevard to Lambert Road: Construction began in November 2010 and was completed in May 2014. This project added one general purpose lane in the northbound direction and improved on- and off-ramps.</p> <p>Please reference:</p> <p>“FG103 Project Plans, pgs. 001-100,” dated January 25, 2010. The Project Plans were split into several documents. Pages 101 to 856 can be found in the Document Center.</p> <p>“FG103 Information Handout,” dated May 24, 2010.</p> <p>“FG103 Notice to Bidders and Special Provisions,” dated May 24, 2010.</p> <p>“FG103 Notice to Bidders - Addendum 01,” dated May 28, 2010.</p> <p>“FG103 Notice to Bidders - Addendum 02,” dated June 30, 2010.</p> <p>“FG103 Notice to Bidders - Addendum 02 – Plans,” dated June 20, 2010.</p> <p>“FG103 Notice to Bidders - Addendum 03,” dated July 9, 2010.</p> <p>“FG103 Final Project Schedule Status Sheet,” Project Controls schedule dated June 1, 2014.</p> <p>SR-57 northbound, Oranewood Avenue to Katella Avenue: This project will add one general purpose lane in the northbound direction. Construction began in October 2025 and is anticipated to be complete in 2028.</p> <p>Please reference:</p> <p>“FG104 Project Plans, pgs. 001-601,” dated May 15, 2025.</p> <p>“FG104 Information Handout,” dated July 7, 2025.</p>

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							<p>“FG104 Notice to Bidders and Special Provisions,” dated July 7, 2025. “FG104 Notice to Bidders - Addendum 01,” dated August 18, 2025. “FG104 Notice to Bidders - Addendum 01 – Plans,” dated August 18, 2025. “FG104 Notice to Bidders - Addendum 02,” dated August 25, 2025. “FG104 Notice to Bidders - Addendum 02 – Plans,” dated August 25, 2025. “FG104 Notice to Bidders - Addendum 02 – Federal Wage Update,” dated August 25, 2025.</p>
65.02	Improvements to the Lambert Interchange?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Completed	Jeff Mills	<p>See notes in Item 65.00. The lead agency for the Lambert Road interchange project was the City of Brea. Construction began in mid-2019, the project opened to traffic in December 2023, and construction was fully completed in early 2024. “Plans Sheets” can be found on Caltrans’ website using Contract No. 12-0C1104.</p>
65.03	Addition of a northbound truck climbing lane between Lambert Road and Tonner Canyon?	Att. A, p. 10, Project G	Planning/ Capital Programs - Highways	30-year	Underway	Kristin Tso, Jeff Mills	<p>See notes in Item 65.00. The fifth project on SR-57 includes improvements to the Lambert Road interchange (see above – 65.02) and a northbound truck climbing lane between Lambert Road and Orange/Los Angeles County line. Caltrans approved the Project Study Report-Project Development Support (PSR-PDS) on October 14, 2025 and is leading the environmental phase, which began on November 25, 2025. Once completed, the design and construction schedules will be determined. “FG105 Project Study Report,” dated October 14, 2025.</p>
66.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>The three completed segments of northbound lanes on SR-57 from Katella Avenue to Lincoln Avenue and Orangethorpe Avenue to Lambert Road have increased capacity with the addition of a general-purpose lane and reduced congestion as identified during the environmental phase. The remaining projects will increase capacity and relieve congestion upon construction completion as identified during the environmental phase. See notes in Items 65.01 to 65.03.</p>

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67.00	Project H						
68.00	Have improvements been made on the Riverside Freeway (SR-91) from the I-5 to the SR-57?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Jeff Mills	<p>Yes. This project provided an additional general-purpose lane in the westbound direction by connecting existing auxiliary lanes through the interchanges within the project limits to create a fourth continuous westbound general-purpose lane. Westbound auxiliary lanes were added and exit ramps were modified to two-lane exit ramps. Construction began in February 2013 and was completed in June 2016.</p> <p>Please reference: "FH101 Project Plans, pgs. 001-885," dated August 13, 2012. "FH101 Information Handout," dated October 1, 2012. "FH101 Notice to Bidders and Special Provisions," Invitation for Bids dated October 1, 2012. "FH101 Notice to Bidders - Addendum 01," dated November 7, 2012. "FH101 Notice to Bidders - Addendum 02," dated November 26, 2012. "FH101 Final Project Schedule Status Sheet," Project Controls schedule dated July 1, 2016.</p>
68.01	Has capacity been added in the westbound direction?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. Capacity was provided in the westbound direction as identified during the environmental phase. See notes in Item 68.00.
68.02	Have operational improvements been provided at on and off ramps?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. Operational improvements were provided at on- and off-ramps with the addition of auxiliary lanes. See notes in Item 68.00.
69.00	Project I						
70.00	On the Riverside Freeway (SR-91) from the SR-57 to the SR-55, has the interchange complex been improved, including nearby local interchanges such as Tustin Avenue and Lakeview Avenue?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>There are two projects for Project I: the portion between SR-55 and Tustin Avenue, which was completed in July 2016, and the portion from west of State College Boulevard to east of Lakeview Avenue. This project was split into three segments for the design and construction phases. Two segments began construction in 2025 and the third segment is anticipated to begin construction in late 2026.</p> <p>See notes in Item 71.00.</p>

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71.00	On the SR-91, has capacity been added between the SR-55 and the SR-57?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>SR-91, SR-55 to Tustin Avenue: This project added a westbound auxiliary lane from the westbound SR-55/westbound SR-91 connector to Tustin Avenue off-ramp and an exit bypass lane on westbound SR-91 to Tustin Avenue off-ramp. Construction began in November 2013 and was completed in July 2016.</p> <p>Please reference: "FI102 Project Plans, pgs. 001-357," dated April 15, 2013. "FI102 Information Handout," dated June 17, 2013. "FI102 Notice to Bidders and Special Provisions," dated June 17, 2013. "FI102 Notice to Bidders - Addendum 01," dated July 26, 2013. "FI102 Notice to Bidders - Addendum 02," dated August 2, 2013. "FI102 Final Project Schedule Status Sheet," Project Controls schedule dated August 1, 2016.</p> <p>SR-91, SR-55 to SR-57: This project was broken into three segments for the design and construction phases. These phases will be funded using net excess 91 Express Lanes revenue as directed by the Board on November 14, 2016. The 91 Express Lanes revenue accelerates project completion, reducing risk and further escalation cost, and preserves M2 funding.</p> <p>Segment 1, SR-91, SR-55 to Lakeview Avenue: This project will provide westbound operational improvements which includes the realignment of the existing westbound SR-91 on- and off-ramps and the addition of a new on-ramp from Lakeview Avenue overcrossing bridge to connect directly to southbound SR-55. Construction began in February 2025 and is anticipated to complete in 2028.</p> <p>Please reference: "FI106 Project Plans, pgs. 001-817," dated May 6, 2024. "FI106 Information Handout," dated June 24, 2024. "FI106 Notice to Bidders and Special Provisions," dated June 24, 2024. "FI106 Notice to Bidders - Addendum 01," dated August 9, 2024. "FI106 Notice to Bidders - Addendum 02," dated September 13, 2024. "FI106 Notice to Bidders - Addendum 03," dated October 4, 2024. "FI106 Notice to Bidders - Addendum 04," dated October 8, 2024.</p>

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							<p>"FI106 Notice to Bidders - Addendum 05," dated October 11, 2024.</p> <p>Segment 2, SR-91, La Palma Avenue to SR-55: This project will provide an additional eastbound general-purpose lane, replace the eastbound shoulder, and restore auxiliary lanes as needed throughout the project limits. Design began in June 2020 and construction is anticipated to begin in late 2026.</p> <p>Segment 3: SR-91, Acacia Street to La Palma Avenue: This project will provide westbound operational improvements by adding a fourth general-purpose lane along westbound SR-91 from the northbound SR-57 to westbound SR-91 connector, extend the southbound SR-57 to westbound SR-91 connector auxiliary lane through the State College Boulevard interchange. Construction began in December 2025 and is anticipated to be complete in 2030.</p> <p>Please reference: "FI104 Project Plans, pgs. 001-979," dated April 18, 2025. "FI104 Information Handout," dated May 12, 2025. "FI104 Notice to Bidders and Special Provisions," dated May 12, 2025. "FI104 Notice to Bidders - Addendum 01," dated June 3, 2025. "FI104 Notice to Bidders - Addendum 02," dated June 19, 2025. "FI104 Notice to Bidders - Addendum 02 – Plans," dated June 19, 2025. "FI104 Notice to Bidders - Addendum 02 – Cross Section Specifications," dated June 19, 2025. "FI104 Notice to Bidders - Addendum 03," dated July 8, 2025. "FI104 Notice to Bidders - Addendum 04," dated July 15, 2025. "FI104 Notice to Bidders - Addendum 05," dated July 31, 2025. "FI104 Notice to Bidders - Addendum 05 – Plans," dated July 31, 2025. "FI104 Notice to Bidders - Addendum 05 – Cross Section Specifications," dated July 31, 2025. "FI104 Notice to Bidders - Addendum 06," dated August 7, 2025.</p> <p>Please reference: "Measure M2 Delivery Plan – Next 10," dated November 14, 2016.</p>

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							<p>"Measure M2 Updated Next 10 Delivery Plan," dated November 13, 2017.</p> <p>"Measure M2 2018 Update: Next 10 Delivery Plan," dated September 10, 2018.</p> <p>"Measure M2 2019 Update: Next 10 Delivery Plan," dated November 11, 2019.</p>
72.00	Project J						
73.00	Have up to four new lanes on SR-91 between SR- 241 (SR-241) and the Riverside County Line been added?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>There are three project segments for Project J.</p> <p>SR-91 eastbound, SR-241 to SR-71: Construction began in September 2009 and was completed in January 2011. This project added one eastbound general purpose lane. Please reference: "FJ100 Project Plans, pgs. 001-717," dated March 9, 2009. "FJ100 Notice to Bidders and Special Provisions," dated June 8, 2009. "FJ100 Notice to Bidders - Addendum 01," dated June 19, 2009. "FJ100 Notice to Bidders - Addendum 02," dated July 14, 2009. "FJ100 Notice to Bidders - Addendum 03," dated July 27, 2009. "FJ100 Final Project Schedule Status Sheet," Project Controls schedule dated February 1, 2011.</p> <p>SR-91, SR-55 to SR-241: Construction began in May 2011 and was completed in March 2013. This project added one general purpose lane in each direction and improved key interchanges. Please reference: "FJ101 Project Plans, pgs. 001-100," dated October 25, 2010. The Project Plans were split into several files. Pages 101 to 949 can be found in the Document Center. "FJ101 Information Handout," dated February 22, 2011. "FJ101 Notice to Bidders and Special Provisions," dated February 22, 2011. "FJ101 Notice to Bidders - Addendum 01," dated March 25, 2011. "FJ101 Notice to Bidders - Addendum 01 – Plans," dated March 25, 2011. "FJ101 Notice to Bidders - Addendum 02," dated April 7, 2011.</p>

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							<p>"FJ101 Final Project Schedule Status Sheet," Project Controls schedule dated April 1, 2013.</p> <p>SR-91, SR-241 to SR-71: This project will add a sixth lane to match up with an additional lane to be added by Riverside County Transportation Commission (RCTC) from the County line to SR-71. OCTA and RCTC are working together ensuring synchronization between the two counties. Construction on the sixth lane in the westbound direction as part of the SR-91 Corridor Operations Project (COP) between Green River Road and SR-241 was completed in January 2022. An alternatives analysis study of the eastbound direction began in May 2020 to better understand possible improvements given the difficult topography and other constraints. The alternatives analysis report was completed in April 2022. RCTC is leading the effort to proceed with the environmental phase of the eastbound SR-91 COP project, which began in June 2023 and anticipated to be complete in early 2026.</p> <p>Please reference: "Draft 2025 State Route 91 Implementation Plan," dated June 9, 2025.</p>
74.00	<p>Was the following taken into consideration: Making best use of available freeway property, adding reversible lanes, building elevated sections, and improving connections to SR-241?</p>	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>When a project goes through the environmental phase, all viable alternatives are considered, and the best alternative is determined at that time. This is true for this project. OCTA is also working with the Transportation Corridor Agencies, who is the named lead on the design and construction of the SR-91/SR-241 Direct Connector Project.</p> <p>Please reference: "Framework for Implementation of the State Route 241/91 Express Lanes Connector," dated October 28, 2019.</p>
75.00	<p>Were the projects constructed with similar coordinated improvements in Riverside County extending to I-15 with the funding for those in Riverside County paid for from other sources?</p>	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Underway	Jeff Mills	<p>Yes. The SR-91 Implementation Plan, required by the state legislature to be updated annually, requires coordination between the two counties. Orange County and Riverside County are working cooperatively on all SR-91 projects. Project improvements within Riverside County limits are not paid for by Measure M.</p> <p>Please reference: "Draft 2025 State Route 91 Implementation Plan," dated June 9, 2025.</p>

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76.00	Also, was one new lane added in each direction on SR-91 between SR-241 and SR-55 and were the interchanges improved?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. This project was completed in March 2013. Improvements to the Lakeview Avenue Interchange, Imperial Highway, and Weir Canyon were included in this project. See notes in Item 73.00.
77.00	Project K						
78.00	Have new lanes been added to the San Diego Freeway (I-405) between the I-605 and the SR-55?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Modified; Completed	Jeff Mills	<p>Project K of the Ordinance provides for improvements on I-405 that would “add new lanes to the I-405 between I-605 and SR-55, generally within the existing right-of-way and also includes arterial overcrossing replacements associated with widening I-405 to meet OCTA’s MPAH standards. The project will make best use of available freeway property, update interchanges and widen all local overcrossings according to city and regional master plans.” However, the draft EIR-EIS identified operational concerns related to lane continuity. Specifically, “three lanes are added to I-405 northbound from SR-73 as it merges into I-405 approximately 1.4 miles north of SR-55. There are no lane additions from SR-55 that extend to SR-73. The lanes added by SR-73 are subsequently dropped at the next three local interchanges at the Harbor Boulevard, Euclid Street, and Brookhurst Street interchanges, creating a series of bottlenecks. The proposed build alternatives would remove one or more of those lane drops and enhance lane continuity in the corridor. Continuing the project south to SR-55 would further compound rather than address lane continuity problems.” Because extending improvements south of SR-55 would not meet the project’s stated purpose and need, the Draft EIR-EIS proposed build alternatives spanning from Euclid Street to I-605.</p> <p>Please reference: “Draft EIR-EIS Report,” dated May 1, 2012.</p> <p>On October 22, 2012, the Board recommended Alternative 1 from the EIR/EIS, which adds a general-purpose lane in each direction on I-405 between Euclid Street and I-605, as the preferred alternative. On December 9, 2013, the Board reaffirmed the recommendation of Alternative 1 and directed that the alternative be built in a manner that does not preclude additional freeway capacity in the future. On</p>

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							<p>July 25, 2014, Caltrans recommended that OCTA select the alternative that would add an additional lane of capacity to be combined with the HOV lanes on I-405 from SR-73 to I-605 in addition to the general-purpose lanes previously recommended by OCTA. On September 22, 2014, the Board reasserted its position and directed staff to proceed with the M2 commitment to add one general-purpose lane in each direction.</p> <p>The environmental phase was completed in May 2015. OCTA implemented the preferred alternative using the design-build delivery method and acquired all necessary ROW. The addition of one general-purpose lane in each direction on I-405 from Euclid Street to I-605 is M2 Project K. The addition of a second lane in the median, which when combined with the existing HOV lane, becomes the two-lane express facility in each direction, is funded with non-M2 funding sources. The Board awarded the design-build construction contract in November 2016. Construction began in January 2017. Substantial completion and opening of the 405 Express Lanes was accomplished on December 1, 2023. The Design-Build project completed in February 2024, however, miscellaneous construction activities remaining include landscaping and punch-list items.</p> <p>Please reference the following staff reports: "Selection of Locally Preferred Alternative for the Interstate 405 Improvement Project Between State Route 55 and Interstate 605," dated October 22, 2012. "Update on the Interstate 405 Improvement Project," dated December 9, 2013. "Update on the Interstate 405 Improvement Project Between State Route 55 and Interstate 605," dated September 22, 2014. "Final EIR-EIS Report," dated March 26, 2015. "Award of Design-Build Contract for the Interstate 405 Improvement Project," dated November 21, 2016. "Interstate 405 Improvement Project Update," dated November 27, 2023. "FK101 Final Project Schedule Status Sheet," dated March 1, 2024.</p>

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79.00	Has the project made best use of available freeway property, updated interchanges and widened all local overcrossings according to city and regional master plans?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. The majority of the ROW needed was temporary construction easements and some partial fee acquisitions. Local interchanges and overcrossings were improved and widened according to city and regional master plans.
80.00	Have the improvements been coordinated with other planned I-405 improvements in the I-405/SR-22/I-605 interchange area to the north and I-405/SR-73 improvements to the south?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. The I-405 improvements have been coordinated with the West County Connector improvements at the I-405/SR-22/I-605 interchange that have been completed. A new direct connector linking the I-405 Express Lanes with SR-73 to the south has been completed.
81.00	Have the improvements adhered to recommendations of the I-405 Major Investment Study adopted by the Board on October 14, 2005?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Completed	Jeff Mills	Yes. The improvements added one general-purpose lane in each direction as recommended in the I-405 Major Investment Study. Please reference: "Final Recommendation for the San Diego Freeway (I-405) Major Investment Study," dated October 14, 2005.
82.00	Project L						
83.00	Have new lanes been added to the San Diego Freeway (I-405) between the SR-55 and the I-5?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Underway	Jeff Mills	A project study report was completed in 2013. The environmental phase began in December 2014 and was completed in August 2018. Project B (I-5, I-405 to SR-55) is a parallel project designated for construction. As a result, Project L will follow to avoid excessive inconvenience to the public. Additionally, a significant Caltrans safety project is currently under construction within the Project L project limits, requiring additional ongoing coordination. Please reference: "Measure M2 2025 Update: Next 10 Delivery Plan," dated December 8, 2025. "FL101 Final Project Report," dated September 5, 2018.
84.00	Have chokepoints at interchanges been improved and merging lanes added near on/off ramps such as Lake Forest Drive, Irvine Center Drive and SR-133 to improve the overall freeway operations in the I405/I-5 El Toro "Y" area?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Underway	Jeff Mills	The project includes on- and off-ramp realignment at various locations, as well as auxiliary lanes between on- and off-ramps where required. See notes in Item 83.00.

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85.00	Project M						
86.00	Have freeway access and arterial connections to I-605 serving the communities of Los Alamitos and Cypress been improved?	Att. A, p. 15, Project M	Capital Programs – Highways	30-year	Underway	Jeff Mills	This project will improve freeway access at the Katella Avenue Interchange and make operational improvements to Katella Avenue. Construction began in April 2025 and is anticipated to complete in 2027. Please reference: “FM003 Project Plans, pgs. 001-338,” dated September 25, 2024. “FM003 Information Handout,” dated November 18, 2024. “FM003 Notice to Bidders and Special Provisions,” dated November 18, 2024. “FM003 Notice to Bidders - Addendum 01,” dated December 30, 2024. “FM003 Notice to Bidders - Addendum 02,” dated January 8, 2025. “FM003 Notice to Bidders - Addendum 03,” dated January 14, 2025. “FM003 Notice to Bidders - Addendum 04,” dated January 17, 2025.
87.00	Has the project been coordinated with other planned improvements to the SR-22 and I-405?	Att. A, p. 15, Project M	Capital Programs - Highways	30-year	Underway	Jeff Mills	The project takes into consideration the I-405 Design-Build construction project and other projects as identified during the environmental phase.
88.00	Project N						
89.00	Are basic freeway service patrols available Monday through Friday during peak commute hours?	Att. A, p. 15, Project N	Executive Office	30-year	Completed to date	Patrick Sampson /Timothy Bravo	Yes. Freeway Service Patrol (FSP) operates service on all Orange County Freeways during weekday peak commute hours. Limited midday and weekend service was added in June 2012. Weekday midday service was expanded to all Orange County Freeways, and weekend service was added to State Route 57 in December of 2023. A statewide benefit/cost analysis is performed annually and is incorporated into future service planning. Recent modifications include reallocating service hours from peak hour to midday service to address changes in commute traffic patterns. Four contracted tow companies provide FSP service; current FSP agreements provide FSP services through October 2, 2027, and December 1, 2029, respectively. Please reference: “Agreements for Freeway Service Patrol Services,” dated March 13, 2023.

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							M2 funds supplement Caltrans State Highway Account, Caltrans Road Repair and Recovery Act of 2017 (SB1), and Orange County Service Authority for Freeway Emergencies funds as the last dollars in, to ensure that appropriate service levels are maintained.
90.00	Requirements for Eligible Jurisdictions						
91.00	In order to be eligible to receive Net Revenues, has each jurisdiction satisfied the following requirements:	Att. B, Sec. III.A	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	See notes in Items 91.01 to 91.19.
91.01	Complied with the conditions and requirements of the Orange County Congestion Management Program (CMP)?	Att. B, Sec. III.A.1	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Required in odd years only. This requirement was submitted to OCTA and was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. The next CMP submittal is due in 2027. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.02	Assessed traffic impacts of new development and required new development to pay a fair share of improvements attributable to it?	Att. B, pp B-7 to 10, Sec. III.A.2	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required biennially except when there is an updated mitigation fee program (MFP). This requirement was submitted to OCTA and was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. The next submittal is due in 2027 unless there is an updated MFP. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.03	Adopted and maintained a Circulation Element of its General Plan consistent with the MPAH?	Att. B, Sec. III.A.3	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required biennially. This requirement was submitted to OCTA and was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. The next submittal is due in 2027. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.04	Adopted and updated biennially a six-year Capital Improvement Program that includes all capital transportation projects?	Att. B, Sec. III.A.4	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA requires an annual seven-year CIP. This requirement was submitted to OCTA and was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.05	Participated in Traffic Forums as described in Attachment B?	Att. B, Sec. III.A.5	Planning	Recurring	Completed to date	Adriann Cardoso/	Yes. This is an annual requirement. Local jurisdictions must attend at least one traffic forum on an annual basis to remain eligible for M2 net

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						Charvalen Alacar	revenues. This requirement was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.06	Adopted and maintained a Local Traffic Signal Synchronization Plan (LSSP) that identifies signalization street routes and signals; a three-year plan showing costs, available funding and phasing of capital, operations and maintenance of the street routes and traffic signals; and included information on how the street routes and signals may be synchronized with signals and routes in adjoining jurisdictions; and is consistent with the Traffic Signal Synchronization Master Plan?	Att. B, Sec. III.A.6	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required every three years. This requirement was adopted by local jurisdictions' governing bodies and was presented to the Board on February 12, 2024, as part of the Annual Eligibility Review. The next submittal is due in 2026. Please reference: "Measure M2 Annual Eligibility Review," dated February 12, 2024.
91.07	Adopted and updated biennially a Pavement Management Plan (PMP) and issued, using a common format approved by the Authority, a report every two years regarding the status of road pavement conditions and implementation of the PMP?	Att. B, Sec. III.A.7	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. 14 jurisdictions update PMPs on odd-year cycle, while 21 jurisdictions update on an even-year cycle as part of the M2 Annual Eligibility Review. Odd-year cycle reports were presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. Even-year cycle reports were last presented to the Board on February 12, 2024. All prior reports to date have been submitted and approved per the requirements and noted in previous year tracking matrices. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026 (for odd-year agencies). "Measure M2 Annual Eligibility Review," dated February 12, 2024 (for even-year agencies).
91.08	Has the Authority, in consultation with the Eligible Jurisdictions, defined a countywide management method to inventory, analyze and evaluate road pavement conditions and a common method to measure improvement of road pavement conditions?	Att. B, Sec. III.A.7.a	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Countywide PMP Guidelines which implement Att. B, Sec. III. A.7.a. b. and c. were developed by OCTA staff in consultation with the Technical Advisory Committee (TAC) and approved by the Board on May 24, 2010. The PMP guidelines were last revised and approved by the Board on March 10, 2025. Please reference:

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							"Countywide Pavement Management Program Guidelines," dated May 24, 2010. "Revisions to the Measure M2 Eligibility Guidelines," dated March 10, 2025.
91.09	Included in its PMP: -Current status of pavement on roads -Six-year plan for road maintenance and rehabilitation, including projects and funding -Projected road conditions resulting from the maintenance and rehabilitation plan-Alternative strategies and costs necessary to improve road pavement conditions	Att. B, Sec. III.A.7.b-c	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. All local jurisdictions have adopted PMPs fully compliant with Att. B, Sec. III. A. 7, inclusive. All prior reports to date have been submitted and approved per the requirements and noted in previous year tracking matrices. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026 (for odd-year agencies). "Measure M2 Annual Eligibility Review," dated February 12, 2024 (for even-year agencies).
91.10	Adopted an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended by the Eligible Jurisdiction which satisfy the MOE requirements?	Att. B, Sec. III.A.8	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Board was presented with annual Expenditure Reports for FY 2023-24 on July 14, 2025, for all local jurisdictions, excluding the cities of Buena Park and Huntington Beach, which are currently ineligible. See notes in Item 8.00 and 18.00. Please reference: "Measure M2 Eligibility Review Recommendations," dated July 14, 2025.
91.11	Submitted the Expenditure Report by the end of six months following the end of the jurisdiction's FY and included all Net Revenue fund balances and interest earned, and expenditures identified by type and program and project?	Att. B, Sec. III.A.8	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. All local agencies have submitted the Expenditure Reports by the end of six months following the end of the jurisdiction's FY. Please reference: "Measure M2 Eligibility Review Recommendations," dated July 14, 2025. Expenditure Reports for FY 2024-25 were submitted to OCTA by December 31, 2025, will be presented to the AER Subcommittee and TOC in May/June of 2026, and are anticipated to be approved by the Board in July of 2026.
91.12	Provided the Authority with a Project Final Report within six months following completion of a project funded with Net Revenues?	Att. B, Sec. III.A.9	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. An ongoing monitoring report is tracked frequently and uploaded annually to the M2 Document Center. Please reference: "M2 Eligibility Compliance Final Report 180-Day Tracking Report," dated December 31, 2025.

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91.13	Agreed that Net Revenues for Regional Capacity Program projects and Traffic Signal Synchronization Program projects shall be expended or encumbered no later than the end of the FY for which the Net Revenues are programmed, subject to extensions?	Att. B, Sec. III.A.10.a	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Net revenues are being expended and encumbered as required. They are monitored through the M2 Master Tracker Database and the Semi-Annual Review (SAR) Process.
91.14	Any requests for extensions of the encumbrance deadline for no more than 24 months were submitted to the Authority no less than 90 days prior to the deadline?	Att. B, Sec. III.A.10.a	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. These requests are monitored through the M2 Master Tracker Database and the SAR Process.
91.15	Agreed that Net Revenues for any program or project other than Regional Capacity Program projects or Traffic Signal Synchronization Program projects shall be expended or encumbered within three years of receipt, subject to extension?	Att. B, Sec. III.A.10.b	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Net revenues are being expended and encumbered consistent with these requirements. They are monitored through the M2 Master Tracker Database and the SAR Process.
91.16	Agreed that if the above time limits were not satisfied, to return to the Authority any retained Net Revenues and interest earned on them to be available for allocation to any project within the same source?	Att. B, Sec. III.A.10.c	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Local agencies that did not meet the three-year expenditure deadline were not paid for expenditures incurred beyond the expenditure deadline. This is continuously monitored via Local Program's payment processes and also documented in the M2 Master Tracker Database. To date, no agencies have run into this issue. As a result, no SMP and LFS funds have been returned with interest.
91.17	Annually certified MOE requirements of Ordinance No. 3, Sec. 6?	Att. B, Sec. III.A.11	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Local jurisdictions must annually submit an MOE Certification Form certifying that they have budgeted sufficient funds to meet the MOE benchmark. This requirement was submitted to OCTA and was presented to the Board on February 9, 2026, as part of the Annual Eligibility Review. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
91.18	Agreed that Net Revenues were not used to supplant developer funding which has or will be committed for any transportation project?	Att. B, Sec. III.A.12	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required annually. This was presented to the Board for approval on February 9, 2026, as part of the Annual Eligibility Review. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.

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91.19	Considered as part of its General Plan, land use planning strategies that accommodate transit and non-motorized transportation?	Att. B, Sec. III.A.13	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required annually. This was presented to the Board for approval on February 9, 2026, as part of the Annual Eligibility Review. Please reference: "Measure M2 Annual Eligibility Review," dated February 9, 2026.
92.00	Requirements Related to Specific Streets and Roads Projects						
93.00	Project O - Regional Capacity Program						
94.00	Prior to the allocation of Net Revenues for any Street and Road Project, has the Authority, in cooperation with affected agencies, determined the entity(ies) to be responsible for the maintenance and operation thereof, utilizing maintenance and operating agreements with each agency receiving streets and roads funding?	Att. B, Sec. II.C	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA relies on California Streets and Highways Code Sections 900-909 and 1800-1813 for Counties and Cities, respectively, which establishes the authority and obligations of local agencies to construct, maintain, and operate local streets and roads. For road projects implemented by OCTA on behalf of local agencies (e.g., select grade separations), OCTA enters cooperative agreements for construction and maintenance prior to implementation. Please reference: C-9-0413 Anaheim; C-9-0412 Placentia; C-9-0576 Fullerton
95.00	Has each eligible jurisdiction contributed local matching funds equal to 50 percent of Project O project or program costs?	Att. A, p. 18, Project O and Att. B, p. B-12, Sec. V.A.1	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes, except when a match reduction has been approved (see notes in Item 96.00). Funding recommendations for the 2025 call were approved by the Board on April 14, 2025. Additional information on each fund source and percentage is available online on OCFundtracker. Please reference: "Comprehensive Transportation Funding Programs - 2025 Call for Projects Programming Recommendations," dated April 14, 2025.
96.00	Alternatively, have jurisdictions who qualified for a ten- and/or five-percent reductions as provided in Attachment B met those reduced match level requirements?	Att. A, p. 18, Project O and Att. B, Sec. V.A.1.a-c	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Funding recommendations for the 2025 call were approved by the Board on April 14, 2025. Additional information on each fund source and percentage is available online on OCFundtracker. Please reference: "Comprehensive Transportation Funding Programs - 2025 Call for Projects Programming Recommendations," dated April 14, 2025.
97.00	Has a countywide competitive procedure for Project O been adopted by the Authority?	Att. B, Sec. V.A.2	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved the revised CTFP Guidelines and issued the 2026 CTFP annual call on September 8, 2025. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025.

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98.00	Have eligible Jurisdictions been consulted by the Authority in establishing criteria for determining priority for Project O allocations?	Att. B, Sec. V.A.2	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. While CTFP Guidelines modifications are typically presented at a TAC meeting to secure the TAC's recommendation for Board approval, the 2026 CTFP Guidelines revisions were distributed to the committee via email for review and comment due to the proposed modifications being limited to call schedule updates with no substantive changes. No concerns were raised by the TAC members, and the item was approved by the Board on August 12, 2024. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025.
99.00	Has funding under Project O been provided for construction of railroad over or underpass grade separations where high volume streets are impacted by freight trains along the Burlington Northern Santa Fe Railroad in northern Orange County?	Att. A, p. 18, Project O	Capital Programs, Planning	30-year	Completed	Jeff Mills & Adriann Cardoso	Yes. The Board authorized use of \$152.6 million in M2 funds as match for Trade Corridor Improvements Fund funding for seven grade separation projects. Please reference: "Capital Programming Update," dated June 13, 2022. All seven grade separations have been completed and are open to traffic. Please reference: "OC Bridges Railroad Grade Separation Completion," staff presentation dated December 11, 2017.
100.00	Project P - Regional Traffic Signal Synchronization Program						
101.00	Have the Cities, the County of Orange and Caltrans, as required, worked together to prepare a common Traffic Signal Synchronization Master Plan and the necessary governance and legal arrangements before receiving funds, and has the Authority adopted and maintained the Master Plan which was a part of the MPAH?	Att. A, p. 19, Project P and Att. B, Sec. V.B.1	Planning	One-time, start-up	Completed	Anup Kulkarni	Yes. Please reference: "Guidelines for the Preparation of the Local Signal Synchronization Plans," dated July 26, 2010.
102.00	Does the Master Plan include synchronization of street routes and traffic signals within and across jurisdictional boundaries and the means of implementing, operating, and maintaining the programs and projects including necessary governance and legal arrangements?	Att. A, p. 19, Project P and Att. B, V.B.1	Planning	One-time, start-up	Completed	Anup Kulkarni	Yes. Please reference: "Guidelines for the Preparation of the Local Signal Synchronization Plans," dated July 26, 2010.

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103.00	Has a countywide, competitive procedure been adopted by the Authority in consultation with eligible jurisdictions in establishing criteria for determining priority for allocations?	Att. B, Sec. V.B.2.a	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Procedures are developed by staff in consultation with the local jurisdictions and then approved by the Board for each call with the priority for allocation updated as well. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8 in Attachment B.
104.00	Has the Authority given priority to programs and projects which include two or more jurisdictions?	Att. B, Sec. V.B.2.b	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8, page 8-18 in Attachment B.
105.00	Has the Authority encouraged the State to participate in the Regional Traffic Signal Synchronization Program and given priority to use of transportation funds as match for the State's discretionary funds used for implementing Project P?	Att. B, Sec. V.B.2.c	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Project P allows state participation and allows for match to be fulfilled with both in-kind and cash. Match beyond 20 percent (including State discretionary funds) is provided additional priority in the evaluation. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8, page 8-5 and 8-18 in Attachment B.
106.00	Has each local jurisdiction contributed matching local funds equal to 20 percent of the program or project cost? (May be satisfied all or in part with in-kind services provided by the Eligible Jurisdiction including salaries and benefits)	Att. A, p. 19, Project P and Att. B,V.B.3	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Project P requires a minimum 20 percent match. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8, page 8-4, and 8-17 through 8-20 in Attachment B.
107.00	Has the project provided funding for ongoing maintenance and operation of the synchronization plan?	Att. A, p. 19, Project P	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Project P requires ongoing maintenance and monitoring of the synchronization and provides funding for this task. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8, page 8-2 in Attachment B.

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108.00	Have local jurisdictions publicly reported on the status and performance of their signal synchronization efforts at least every three years?	Att. A, p. 19, Project P and Att. B, Sec. V.B.4	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Status and performance of their signal synchronization efforts were reported in the LSSP Updates that were completed June 30, 2023. The next submittal is due June 2026. Please reference: "Measure M2 Annual Eligibility Review," dated February 12, 2024.
109.00	Has signal equipment to give emergency vehicles priority at intersections been an eligible expense for projects implemented as part of this program?	Att. A, p. 19, Project P	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. Project P includes signal equipment to give emergency vehicles priority at intersections as an eligible expense. Please reference: "Release 2026 Annual Call for Projects for Measure M2 Comprehensive Transportation Funding Programs," dated September 8, 2025, see "CTFP Guidelines – 2026 Call," chapter 8, page 8-15 in Attachment B.
110.00	Have eligible jurisdictions and Caltrans, with the County of Orange and the Orange County Division of League of Cities, established boundaries for Traffic Forums?	Att. B, Sec. III.A.5	Planning	Recurring	Completed to date	Anup Kulkarni/Alicia Yang	Yes. See the guidelines for the preparation of the original LSSP, which were presented to the Board on July 26, 2010, and the latest LSSP and M2 Eligibility Guidelines, which were presented on April 10, 2023, and March 10, 2025, respectively. Please reference: "Guidelines for the Preparation of the Local Signal Synchronization Plans," dated July 26, 2010. "Fiscal Year 2023-24 Measure M2 Maintenance of Effort Adjustment and Updates to the Eligibility, Countywide Pavement Management Plan, and Local Signal Synchronization Plan Guidelines," dated April 10, 2023. "Revisions to the Measure M2 Eligibility Guidelines," dated March 10, 2025.
111.00	Project Q - LFS Program						
112.00	Are LFS funds distributed by a formula that accounts for the following factors and weightings: <ul style="list-style-type: none"> - Population - 50%? - Street mileage - 25%? - Amount of sales tax collection in each jurisdiction - 25%? 	Att. A, p. 20, Project Q Att. B, Sec. 5.C.1-3	Planning, F & A	Recurring	Completed to date	Sean Murdock	Yes. See General Accounting payments for LFS funds for FY 2024-25. Also see the AUP to the M2 Status Report for FY 2024-25 related LFS disbursements. Please reference: "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026. "Fiscal Year 2024-25 Project Q Local Fair Share Payments"

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113.00	General Requirements Related to Transit Projects						
114.00	Have Metrolink extensions been evaluated against well-defined and well-known criteria detailed in the Renewed Measure M Transportation Investment Plan?	Att. A, p.23, Project S	Operations/ Planning	Recurring	Completed to date	Johnny Dunning & Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved Project S funding guidelines for fixed guideway projects on September 13, 2010. Project S guidelines for Bus and Station Van Extension projects were approved by the Board on December 12, 2011. Please reference: "Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only)," dated September 13, 2010. "Project S 2012 Guidelines for Bus and Station Van Extension Projects," dated December 12, 2011.
115.00	Has the Authority made every effort to maximize state and federal transit dollars?	Att. B, Sec. II.B.1	Planning	Recurring	Completed to date	Adriann Cardoso	Yes. Consistent with Board approved programming policies, OCTA has maximized state and federal transit dollars for rail capital projects, as well as rail rehab projects. To date, OCTA has programmed \$1.24 billion in state and \$1.04 billion in federal. A regular review of project funding and status occurs regularly, and all programming actions are made in accordance with the Board policies to maximize state and federal funding. Please reference: "Amendment to Cooperative Agreement with the Southern California Regional Rail Authority for the San Juan Creek Bridge Replacement Project," dated November 24, 2025.
116.00	Prior to the allocation of Net Revenues for a Transit Project, has the Authority obtained a written agreement from the appropriate jurisdiction that the project will be constructed, operated, and maintained to minimum standards acceptable to the Authority?	Att. B, Sec. II.B.2	Operations, Capital Programs & Planning	Recurring	Completed to date	Johnny Dunning, Jeff Mills & Adriann Cardoso/ Charvalen Alacar	Yes. As transit projects are approved for development and/or funding by the Board to be implemented or in any way augmented by OCTA or Board-approved funding, necessary agreements are entered into with each jurisdiction to define roles and responsibilities during project phases as well as post-completion. At any given time, there are multiple agreements in place for projects. To date, there are active agreements in place for all funded capital projects. See example such as the Anaheim Canyon Station Project contract C-4-1714 . Agreements for all transit projects can be found in the M2 Document Center.

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117.00	Requirements Related to Specific Transit Projects						
118.00	Has a series of new, well-coordinated, flexible transportation systems, each one customized to the unique transportation vision the station serves, been developed?	Att. A, p. 21 - General Transit, Att. A, p. 23, Project S	Capital Programs & Operations (for Project S)	30-year	Underway	Jeff Mills & Adriann Cardoso/Charvalen Alacar	Yes. The Board approved the Project S funding guidelines on September 13, 2010, and December 12, 2011 (See notes in Item 114.00). On November 22, 2010, the Board evaluated and awarded Project S funds to the City of Anaheim and the City of Santa Ana for preliminary engineering of fixed-guideway projects. However, on June 27, 2016, the Board approved an amendment to Agreement C-1-3115 with City of Anaheim to conclude all planning efforts on their fixed-guideway project. The Santa Ana-Garden Grove OC Streetcar project has an executed Full Funding Grant Agreement with Federal Transit Administration (FTA) and is in the construction phase. On July 23, 2012, four rubber-tire projects were approved for the first call. Three projects were cancelled and one (City of Anaheim) was implemented and completed (as of June 30, 2020). The City of Anaheim project has continued (as of July 1, 2020) under a Project V grant. No other rubber-tire project calls are anticipated at this time. Please reference: "Measure M2 Project S Programming Recommendations," dated November 22, 2010. "Project S Bus and Station Van Extension – 2012 Call for Projects Programming Recommendations," dated July 23, 2012. "Comprehensive Transportation Funding Programs Semi-Annual Review – September 2015," dated December 14, 2015. "Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar," dated June 27, 2016.
119.00	Project R - High Frequency Metrolink Service						
120.00	Has Project R increased rail services within the county and provided frequent Metrolink service north of Fullerton to Los Angeles?	Att. A, p. 23, Project R	Operations	30-year	Completed to date	Kelly Hart/Megan Taylor/Andy Meger	Yes. Through completion of the Metrolink Service Expansion Program (MSEP) capital improvements, additional rail service and infrastructure capacity have been provided to support increased intra-county and intercounty service. Since July 2011, ten intra-county trains and two Inland Empire-OC trains have been added. Additionally, on October 14, 2019, two of the existing MSEP trains serving Laguna Niguel to Fullerton were extended to serve Los Angeles. A new round trip on the 91 Line was also implemented, providing additional service between Los Angeles and Riverside via Fullerton.

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							<p>In March 2020, however, Metrolink service was impacted by the statewide enforcement of stay-at-home orders implemented in response to the COVID-19 pandemic, resulting in the temporary suspension of numerous trains. As ridership recovered and demand for mid-day services increased, trains were restored in Orange County. However, long-term shifts in travel behavior, including the continued prevalence of hybrid work schedules, have reduced ridership and revenue, necessitating an examination of service levels to ensure financial sustainability. In response to these travel trends, Metrolink is transitioning from a primarily commuter-focused rail system to a regional rail system designed to serve a broader range of trip purposes and support ridership growth. On October 21, 2024, Metrolink implemented an optimized service schedule intended to address service gaps and improve the efficient use of equipment and crews in support of this transition. As of December 31, 2025, the three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) are operating 58 weekday trains, up from 54 daily trains being run prior to the pandemic. As ridership continues to recover and as funding becomes available, Metrolink and OCTA will continue to reassess the service needs in Orange County.</p> <p>Please reference: “Metrolink Service Expansion Program Update,” dated November 26, 2012. “Proposed Fiscal Year 2025-26 Southern California Regional Rail Authority Budget,” dated April 23, 2025. “Approval of the Orange County Transportation Authority’s Proposed Fiscal Year 2025-26 Budget and Personnel and Salary Resolution,” dated June 9, 2025. “Metrolink Service Performance Report,” December 8, 2025.</p>
121.00	Has Project R provided for track improvements, more trains, and other related needs to accommodate the expanded service?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Completed to date	Jim Beil/ Jeff Mills/Jason Lee	Yes. Project R has made numerous improvements to passenger rail infrastructure. This is an ongoing program of improvements as needed, based on available Project R and state and federal funding. Current projects include track, signal, and rail crossing improvements to enhance rail operations and safety. Construction of the Laguna Niguel to San Juan

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							<p>Capistrano passing siding was completed in November 2020, construction for the replacement of the San Juan Creek railroad bridge began in 2024, and work to finalize a south County rail corridor climate change assessment was completed in January 2021. There have also been various safety and security improvements completed. Project development began on the Coastal Rail Stabilization Priority projects to mitigate against coastal erosion and inland landslide threats. Riprap repairs and initial sand nourishment efforts to protect the coastal rail line in Northern San Clemente were completed in September 2025. Construction began in September 2025 of a 1,400-foot long catchment wall on the inland side of the tracks at Mariposa Point to protect the costal rail line from future landslides. Coastal erosion solutions with sand nourishment are continuing through the environmental and design phases to protect the rail line from future coastal erosion.</p> <p>For 2025 status of Project R improvements, please reference: "Second Quarter Fiscal Year 2025-26 Capital Action Plan and Performance Metrics," dated February 9, 2026.</p>
122.00	<p>Has the service included upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means to move arriving passengers to nearby destinations?</p>	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Completed to date	Jim Beil/ Jeff Mills	<p>Yes. Construction has been completed on the Orange Metrolink Station parking structure (February 2019), pedestrian access improvements to the undercrossing at Laguna Niguel/Mission Viejo (LN/MV) Station (September 2017), a new second elevator at the Fullerton Station (May 2019), lighting enhancements at San Clemente Pier (March 2017), new and rehabilitated detectable tiles on train platforms at all stations (June 2021), and an additional passenger platform and station track at Anaheim Canyon Station (January 2023). Final design for the Placentia Metrolink Station Project was completed (July 2017) based on a previously agreed layout. The project is on hold pending a shared-use agreement between Metrolink and BNSF and potential new track and station reconfiguration.</p> <p>Please reference: "Second Quarter Fiscal Year 2025-26 Capital Action Plan and Performance Metrics," dated February 9, 2026.</p>

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123.00	Has Project R included funding for improving grade crossings and constructing over or underpasses at high volume streets that cross Metrolink tracks?	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Completed to date	Jim Beil/Jason Lee	<p>Yes. Project R funded 50 at-grade rail-highway crossings, as well as the Sand Canyon grade separation project. Additionally, grade separation environmental documents are completed for the 17th Street grade separation project in Santa Ana, and State College Boulevard project in Anaheim. There are also five other grade separations with PSR or PSR equivalents completed and awaiting funding to proceed further. Please reference:</p> <p>"Rail-Highway Grade Crossing Enhancement Program Implementation Options," dated August 27, 2007.</p> <p>"Los Angeles - San Diego - San Luis Obispo Rail Corridor Grade Separation Program Development," dated July 22, 2013.</p> <p>"Local, State, and Federal Funding Changes and Amendments to Cooperative Agreements for the Anaheim Regional Transportation Intermodal Center in the City of Anaheim and the Sand Canyon Avenue Grade Separation in the City of Irvine," dated January 13, 2014.</p> <p>"Capital Programming Update," dated June 13, 2016.</p>
124.00	Project S - Transit Extensions to Metrolink						
125.00	Has a competitive program been established for local jurisdictions to broaden the reach of the rail system to other activity centers and communities?	Att. A, p. 23, Project S	Planning	30-year	Completed to date	Adriann Cardoso/Charvalen Alacar	<p>Yes. Project S Guidelines were developed for both fixed guideway and rubber tire projects and are included in OCTA's CTFP Guidelines which specifies the criteria for projects to be evaluated when competing for funding. The CTFP Guidelines are updated annually, with the latest revision to the Project S guidelines in August 2017. Please reference:</p> <p>"Measure M2 Comprehensive Transportation Funding Programs – 2018 Annual Call for Projects," dated August 14, 2017.</p>
126.00	<p>Have proposals for extensions been developed and supported by local jurisdictions and evaluated against well-defined and well-known criteria as follows:</p> <ul style="list-style-type: none"> - Traffic congestion relief? - Project readiness with priority to projects that can be implemented within the first five years of the Plan? - Local funding commitments and the availability of right of way? 	Att. A, p. 23, Project S	Planning	30-year	Completed to date	Adriann Cardoso/Charvalen Alacar	<p>Yes. Following the criteria identified in the Ordinance as well as the guidelines specified for Project S in the CTFP Guidelines adopted by the Board, the first round of applications for fixed guideway funding were evaluated on November 22, 2010. The same process was followed for the Rubber Tire call under Project S. The Board approved the Project S Guidelines for the Bus and Station Extension Projects Linking to the Metrolink Corridor on December 12, 2011. All projects recommended to</p>

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	<ul style="list-style-type: none"> - Proven ability to attract other financial partners, both public and private? - Cost-effectiveness? - Proximity to jobs and population centers? - Regional as well as local benefits? - Ease and simplicity of connections? - Compatible, approved land uses? - Safe and modern technology? - A sound, long-term operating plan? 						<p>move forward and those not recommended to move forward are presented to the Board as part of the call programming recommendations staff reports. On June 27, 2016, the Board approved an amendment to Agreement C-1-3115 with City of Anaheim to conclude all planning efforts on their fixed-guideway project. Please reference:</p> <p>“Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only),” dated September 13, 2010.</p> <p>“Project S 2012 Guidelines for Bus and Station Van Extension Projects,” dated December 12, 2011.</p> <p>“Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations,” dated July 23, 2012.</p> <p>“Fixed-Guideway Policy Decisions Overview,” dated May 12, 2014.</p> <p>“Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans,” dated August 11, 2014.</p> <p>“Memorandum of Understanding with the City of Santa Ana for the Santa Ana/Garden Grove Streetcar Project,” dated July 13, 2015.</p> <p>“Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar,” dated June 27, 2016.</p>
126.01	<p>Has Project S, as required, not been used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor?</p>	Att. A, p. 23, Project S	Planning	30-year	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Any Project S funds that have been approved by the Board have been consistent with the program guidelines and as such have only been made available for guideway projects and rubber tire projects that directly connect to an existing Metrolink station. On August 11, 2014, the Board approved the use of Project S funds for operations of fixed-guideway projects. The most recent OC Streetcar Project funding and schedule update was approved by the Board on February 24, 2025. Please reference the following for documentation of compliance:</p> <p>“Measure M2 Project S Programming Recommendations,” dated November 22, 2010.</p> <p>“Measure M2 Project S Cooperative Agreements with Cities of Anaheim and Santa Ana for Funding the Preliminary Engineering Phase of Proposed Fixed Guideway Systems,” dated March 14, 2011.</p>

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							<p>"Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations," dated July 23, 2012.</p> <p>"Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans," dated August 11, 2014.</p> <p>"OC Streetcar Project Revised Funding Plan," dated July 9, 2018.</p> <p>"OC Streetcar Cost and Schedule Update," dated December 13, 2021.</p> <p>"OC Streetcar Revised Funding Plan and Amendments to Supporting Agreements," dated April 24, 2023.</p> <p>"OC Streetcar Funding and Schedule Update and Amendments to Supporting Agreements," dated February 24, 2025.</p>
126.02	<p>Has the emphasis been on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor?</p>	Att. A, p. 23, Project S	Planning	30-year	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Planning activities completed to date have been done with an emphasis on expanding access to the core rail system and establishing connections to communities and major activity centers. The OC Streetcar alignment fits this criterion. A key aspect of that evaluation includes detailed study on passengers making connections at the existing stations.</p> <p>Please reference: "Completion of Milestones for the Santa Ana/Garden Grove Fixed-Guideway Project," dated September 22, 2014.</p>
126.03	<p>Have multiple transit projects been funded with no single project being awarded all the funding under this project?</p>	Att. A, p. 23, Project S	Planning	30-year	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. There have been two fixed-guideway projects and four rubber tire projects awarded funding by the Board. Currently one fixed guideway project concept is advancing through the program (OC Streetcar). The rubber tire services have either been completed, cancelled, or extended through Project V.</p> <p>Please reference the following for documentation of compliance: "Measure M2 Project S Programming Recommendations," dated November 22, 2010.</p> <p>"Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations," dated July 23, 2012.</p>

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127.00	<p>Have Eligible Jurisdictions, in order to be eligible to receive Net Revenues for Transit Extensions, executed written agreements between the Authority and eligible jurisdictions regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the Transit Extensions to Metrolink?</p>	Att. B, Sec. VI.A.2	Planning & Capital Programs - Rail	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Upon each award of funding from the Board, a cooperative agreement has been executed with each agency to define roles, responsibilities, and terms of funding.</p> <p>On March 14, 2011, and May 20, 2011, respectively, agreements were executed with the cities of Anaheim (C-1-2448) and Santa Ana (C-1-2447) to define roles and responsibilities related to funding the preliminary engineering phase of their respective proposed fixed-guideway projects (Anaheim Rapid Connection [ARC] and OC Streetcar).</p> <p>On August 11, 2014, the Board authorized the CEO to negotiate and execute a cooperative agreement with the cities of Santa Ana and Garden Grove to define roles and responsibilities for project development through construction of the OC Streetcar (Santa Ana/Garden Grove Fixed-Guideway Project). On August 1, 2015 and May 9, 2016, respectively, agreements were executed with the cities of Santa Ana (C-5-3583) and Garden Grove (C-5-3807) to define roles for the design phase of the OC Streetcar project. On March 17, 2017, an agreement was executed with the City of Santa Ana (C-6-1433) for use of public ROW for the construction, operations and maintenance of the OC Streetcar Project. On April 18, 2017, and May 8, 2017, respectively, agreements were executed with the cities of Santa Ana (C-6-1516) and Garden Grove (C-7-1556) to define roles for the construction phase of the OC Streetcar Project. On June 1, 2017, an amended and restated agreement was executed with the City of Santa Ana (C-94-859) for the Santa Ana Regional Transportation Center and the OC Streetcar. On August 12, 2024, an agreement with the City of Santa Ana (C-3-2323) was executed to identify roles and responsibilities, including financial obligations, for the operations and maintenance of the OC Streetcar system.</p> <p>On December 14, 2016, an amendment was executed with the City of Anaheim (C-1-3115) to conclude all planning efforts on the ARC</p>

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							<p>fixed-guideway project, and to determine OCTA would serve as the lead agency for any future phases of the project.</p> <p>For the Rubber Tire Program, Cooperative Agreements were established on September 18, 2012, and October 4, 2012, respectively, with the cities of Anaheim (C-2-1668) and Lake Forest (C-2-1667). As of 2020, all agreements have either been cancelled or completed.</p> <p>Note: The Anaheim Rubber Tire project was extended under the Project V program.</p>
128.00	<p>Has a countywide competitive procedure for Project S been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?</p>	Att. B, Sec. VI.B.3	Planning	One-time	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Project S Guidelines were developed for both fixed guideway and rubber tire projects in consultation with local jurisdictions.</p> <p>On September 13, 2010, the Board approved Project S funding guidelines for fixed-guideway projects, and on November 22, 2010, the Board evaluated and awarded funds to Anaheim and Santa Ana for preliminary engineering of fixed-guideway projects.</p> <p>The same process was followed for the rubber tire projects under Project S. On December 12, 2011, the Board approved the Project S Guidelines for the Bus and Station Extension Projects Linking to the Metrolink Corridor, and on July 23, 2012, funds were awarded to Anaheim and Lake Forest based on Board-approved criteria.</p> <p>Please reference: “Measure M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only),” dated September 13, 2010. “Measure M2 Project S Programming Recommendations,” dated November 22, 2010. “Project S 2012 Guidelines for Bus and Station Van Extension Projects,” dated December 12, 2011. “Project S Bus and Station Van Extension - 2012 Call for Projects Programming Recommendations,” dated July 23, 2012.</p>

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129.00	Project T - Convert Metrolink Stations to Regional Gateways						
130.00	Has the program provided local improvements necessary to connect planned future high speed rail systems to stations on the Orange County Metrolink route?	Att. A, p. 24, Project T	Planning & Capital Programs - Rail	30-year	Completed	Jim Beil & Adriann Cardoso/ Charvalen Alacar	Yes. The Anaheim Regional Transportation Intermodal Center (ARTIC), designed to accommodate future High-Speed rail service and serve as the southern terminus for the California High Speed Rail in Orange County, opened in December 2014. Upon completion, the Board moved the remainder of Project T funding to Project R and Project U. Please reference: "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016.
131.00	Have eligible Jurisdictions, in order to be eligible to receive Net Revenues, executed written agreements with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the facilities?	Att. B, Sec. VI.B.2	Capital Programs – Rail	Recurring	Completed	Jim Beil/George Olivo	Yes. As part of each project’s development process, OCTA enters into cooperative agreements with host cities. These agreements define roles and responsibilities for the representative phase as well as ongoing maintenance of improvements. All train stations have an operations agreement with the respective cities. The operations and maintenance agreement with the City of Anaheim (C-3-2137) was executed on December 31, 2014.
132.00	Has a countywide competitive procedure for Project T been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?	Att. B, Sec. VI.B.3	Planning	One-time	Completed	Adriann Cardoso/ Charvalen Alacar	Yes. A call was issued in consultation with local jurisdictions and funds were awarded based on Board-approved criteria on January 26, 2009. Please reference: "Renewed Measure M Project T Funding Guidelines," dated January 26, 2009. These guidelines were modified on February 14, 2011. Please reference: "Measure M2 Project T Program Guideline Modifications," dated February 14, 2011. On December 14, 2015, an Ordinance Amendment was approved by the Board to closeout Project T.

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							Please reference: "Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program," dated December 14, 2015.
133.00	Project U - Expand Mobility Choices for Seniors and Persons with Disabilities						
134.00	Has one percent of Net Revenues been allocated to the County to augment existing senior non-emergency medical transportation (SNEMT) services funded with Tobacco Settlement funds?	Att. B, Sec. VI.C.3.a	F & A	Recurring	Completed to date	Sean Murdock & Martin Browne	Yes. See General Accounting payments for SNEMT funds for FY 2024-25. Also see the AUP to the M2 Status Report for FY 2024-25 related to SNEMT. Please reference: "Fiscal Year 2024-25 Measure M2 Project U Senior Non-Emergency Medical Transportation Payments" "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.
135.00	Has the County continued to fund these services in an amount equal to the same percentage of the total annual Tobacco Settlement funds received by the County?	Att. B, Sec. VI.C.3.a	F & A	Recurring	Completed to Date	Sean Murdock & Martin Browne	Yes. The County is required to allocate at least 5.27% of Tobacco Settlement Revenue (TSR) funds to meet their MOE obligation under M2. The County allocation for FY 2024-25 was 5.45%. See supporting documentation from the County showing Measure H Tobacco Settlement Revenues allocated to SNEMT. Please reference: "Fiscal Year 2024-25 Senior Non-Emergency Medical Transportation Maintenance of Effort Verification," correspondence dated December 19, 2025.
136.00	Have Net Revenues been annually allocated to the County in an amount no less than the Tobacco Settlement funds annually expended by the County for these services and no greater than one percent of Net Revenues plus any accrued interest?	Att. B, Sec. VI.C.3a	F & A	Recurring	Completed to date	Sean Murdock & Martin Browne	Yes. The M2 SNEMT funding allocation to the County for FY 2024-25 of \$5,309,727 exceeded TSR funding of \$1,433,761. Therefore, the M2 funding is no less than the TSR funding, and no more than 1% of net revenue as required under the Ordinance. Please reference: "Fiscal Year 2024-25 Measure M2 Project U Senior Non-Emergency Medical Transportation Payments" "Fiscal Year 2024-25 Senior Non-Emergency Medical Transportation Maintenance of Effort Verification," correspondence dated December 19, 2025.

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137.00	Has one percent of Net Revenues been allocated to continue and expand the Senior Mobility Program (SMP) provided by the Authority in 2006 with allocations determined pursuant to criteria and requirements as adopted by the Authority?	Att. B, Sec. VI.C.3.b	F & A, Transit	Recurring	Completed to date	Sean Murdock & Martin Browne	Yes. See General Accounting payments for SMP funds for FY 2024-25. Also see the AUP applied to the FY 2024 M2 Status Report. Please reference: "Fiscal Year 2024-25 Project U Senior Mobility Program Payments" "Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026.
138.00	Has one and forty-seven hundredths percent (Ordinance amendment on 12/14/15 to increase allocation from 1% to 1.47%) of Net Revenues been allocated to partially fund bus and ACCESS fares for seniors and persons with disabilities in an amount equal to the percentage of funding as of the effective date of the Ordinance and to partially fund train and other transit fares for seniors and persons with disabilities as determined by the Authority?	Att. B, Sec. VI.C.3.c	F & A, Transit	Recurring	Completed to date	Sean Murdock & Martin Browne	Yes. See General Accounting Fare Stabilization Revenue Allocation chart. In addition to the 1%, the Board approved an amendment to the M2 Ordinance No. 3 on December 14, 2015 (updated on March 14, 2016), which increased the Fare Stabilization allocation from 1% to 1.47% of Net Revenues. Please reference: "Measure M2 Fare Stabilization Update," dated June 23, 2014. "Measure M2 Fare Stabilization Update," dated September 28, 2015. "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016. "Fiscal Year 2024-25 Measure M2 Fare Stabilization Payments"
139.00	In the event any Net Revenues to be allocated for seniors and persons with disabilities pursuant to the requirements of subsections a., b., and c. remain after the requirements are satisfied, have the remaining Net Revenues been allocated for other transit programs or projects for seniors and persons with disabilities as determined by the Authority?	Att. B, Sec. VI.C.3.d	F & A, Transit	Recurring	Underway	Sean Murdock	The requirements of each of the programs have not been satisfied, however, excess revenues for the programs will remain within each individual program to be used to pay for future program expenditures should the need arise.
140.00	Project V - Community Based Transit/Circulators						
141.00	Have all such projects [within Project V], in order to be considered for funding, met performance criteria for ridership, connection to bus and rail services, and financial viability?	Att. A, p. 25, Project V	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Per the Project V Guidelines adopted by the Board on November 13, 2023, performance criteria for ridership, connections to bus and rail services and financial viability were specifically required to be defined as part of the application process prior to competing and receiving funding. Please reference:

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							<p>"2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023.</p> <p>"Measure M2 Community-Based Transit Circulators Program Project V Ridership Report," dated August 25, 2025.</p>
142.00	Have all such projects been competitively bid?	Att. A, p. 25, Project V	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Per Project V Guidelines adopted by the Board, projects are required to follow competitive procedures including procurement. Local agencies followed the procedures, where applicable, based on the nature of their projects and the procurement policies.</p> <p>2024 Project V Guidelines include administrative priority to engage in competitive procurements and re-procurements for all continuing existing services by June 30, 2026.</p> <p>Please reference: "2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023.</p>
143.00	As a condition of being funded, have such projects been determined not to duplicate or compete with existing transit services?	Att. A, p. 25, Project V	Planning, Transit	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. OCTA staff evaluated all project applications before preparing final recommendations for the Board to ensure that proposed services would continue funding existing successful services and new services.</p> <p>The Project V requirement to ensure that services funded with Project V do not duplicate existing transit services is included in the 2024 Project V Guidelines as a measure of evaluation for the 2024 call. The Board approved project allocations on September 23, 2024, which excluded two project applications from the cities of Costa Mesa and Garden Grove due to the proposed service areas having significant levels of OC Bus Services (at least five OC Bus routes, including a high quality transit route operating with a service frequency of every 15 minutes or less). In addition, the Board directed staff to work with the cities of Huntington Beach, Newport Beach, and Orange on operational refinements to their submitted applications, and return to the Board with final recommendations on the proposed Project V services. The City of Huntington Beach subsequently withdrew its application due to issues securing matching funds, and the City of Orange did not meet M2 funding eligibility requirements at the time of application. On October</p>

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							<p>27, 2025, the Board approved programming recommendations for the City of Newport Beach.</p> <p>Please reference: "2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023. "2024 Measure M2 Community Based Transit Circulators (Project V) Call for Projects Programming Recommendations," dated September 23, 2024. "Programming Recommendation for the City of Newport Beach Project V Service," October 27, 2025.</p>
144.00	<p>For any of its projects to be eligible for funding, has the Eligible Jurisdiction executed a written agreement with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation, and maintenance of the project?</p>	Att. B, Sec. VI.D.2	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. OCTA executed Cooperative Funding Agreements with each local agency and identified roles and responsibilities pertaining to operation, construction, maintenance, and uses of the facilities and vehicles. All M2 funding agreements and letter agreements are available in the M2 Document Center. A list of the corresponding contract numbers can be found in the Document Center.</p> <p>Please reference: "Project V Cooperative Agreements," dated February 25, 2026.</p>
145.00	<p>Have any allocations of Net Revenues to such projects been determined pursuant to a countywide competitive procedure adopted by the Authority?</p>	Att. B, Sec. VI.D.3	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. The Board approved updated Project V Guidelines on November 13, 2023, and also issued a call on that date. Allocations were made on September 23, 2024, through a countywide competitive procedure. In addition, the Board directed staff to work with the cities of Huntington Beach, Newport Beach, and Orange on operational refinements to their submitted applications, and return to the Board with final recommendations on the proposed Project V services. The City of Huntington Beach subsequently withdrew its application due to issues securing matching funds, and the City of Orange did not meet M2 funding eligibility requirements at the time of application. On October 27, 2025, the Board approved programming recommendations for the City of Newport Beach.</p> <p>Please reference: "2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023.</p>

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							"2024 Measure M2 Community Based Transit Circulators (Project V) Call for Projects Programming Recommendations," dated September 23, 2024. "Programming Recommendation for the City of Newport Beach Project V Service," October 27, 2025.
146.00	Does the competitive procedure include an evaluation process and methodology applied equally to all candidate Community Based Transit/Circulator projects?	Att. B, Sec. VI.D.3	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. See 2024 Project V Guidelines adopted by the Board on November 13, 2023. Please reference: "2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023.
147.00	Have Eligible Jurisdictions been consulted by the Authority in the development of the evaluation process and methodology?	Att. B, Sec. VI.D.3	Planning	One-time	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. Typically, OCTA has requested letters of interest prior to Project V calls and holds workshops with interested parties to discuss potential changes to the guidelines prior to taking those guidelines to the Board. In the most recent cycle, two workshops were conducted in the fall of 2023 (October 11, 2023, and October 30, 2023). The first workshop was focused on providing guidance to local agencies to help them understand CTFP Guidelines revisions and provide feedback regarding application development, evaluation process and methodology. The second workshop was to allow potential Project V vendors to share presentations with the agencies, showcasing their capabilities and experience, with time allowed for questions and answers. Please reference: "Local Jurisdictions' Interest in Project V Call for Projects," dated August 14, 2023. "2024 Project V Community-Based Transit/Circulators Program Guidelines and Call for Projects," dated November 13, 2023.
148.00	Project W - Safe Transit Stops						
149.00	Have amenities been provided at the 100 busiest transit stops across the County? Were they designed to ease transfer between bus lines and provide amenities such as improved shelters, lighting, current information on bus and train	Att. A, p. 25, Project W	Planning	30-year	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved Project W CTFP Guidelines revisions and also approved the issuance of 2019 Project W call, in order to allocate funds for the Top 100 Busiest Stops in Orange County. Please reference: "2019 Project W Safe Stops Call for Projects," dated October 22, 2018.

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	timetables and arrival times, and transit ticket vending machines?						<p>On June 24, 2019, the Board approved Project W funds for 36 stops. Please reference: “Measure M2 Project W Safe Transit Stops – 2019 Programming Recommendations,” dated June 24, 2019.</p> <p>Project W funding is eligible for projects that install new transit shelters at locations where there are no shelters present, and replace aging shelters, shade, and amenities that have become run down over time. The Board directed staff to issue another Project W call in 2020 to again consider the needs at the 100 busiest bus stops in order to ensure that all eligible entities have another opportunity to apply for funding and improve bus stops. On September 14, 2020, the Board approved a third allocation of Project W funds for 35 stops. Please reference: “Measure M2 Project W Safe Transit Stops – 2020 Programming Recommendations,” dated September 14, 2020.</p> <p>Please also reference: “Measure M2 Project W Safe Transit Stops,” dated March 10, 2014. “Measure M2 Project W Safe Transit Stops – 2014 Programming Recommendations,” dated July 14, 2014. “Comprehensive Transportation Funding Programs Semi-Annual Review – March 2015,” dated June 8, 2015.</p>
150.00	Requirements Related to Project X						
151.00	Have Environmental Cleanup funds been used on a countywide, competitive basis to meet federal Clean Water Act standards for controlling transportation-generated pollution as called for in Attachment A?	Att. A, p. 27, Project X	Planning	30-year	Completed to date	Dan Phu/Alison Army	Yes. The Board has authorized several countywide competitive calls for both a Tier 1 and Tier 2 Environmental Cleanup Program (ECP {Project X}) providing funding to improve water quality. To date, 15 rounds of funding under the Tier 1 grant program have been awarded by the Board. A total of 241 projects in the amount of approximately \$43 million have been awarded since 2011. There have been three rounds of funding under the Tier 2 grant program. A total of 26 projects in the amount of \$35 million have been awarded by the Board since 2013. To date, all Orange County cities and the County of Orange have received

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							<p>funding under this program. The next Tier 1 call is anticipated to be released in early 2026 and the next Tier 2 call is anticipated in 2027.</p> <p>For the most recent Tier 1 and Tier 2 guidelines, please reference: “Measure M2 Environmental Cleanup Program (Project X) - 2025 Tier 1 Grant Program Call for Projects,” dated March 10, 2025. “Measure M2 Environmental Cleanup Program (Project X) – 2024 Tier 1 and Tier 2 Grant Program Call for Projects,” dated February 12, 2024.</p> <p>For the most recent Tier 1 and Tier 2 programming recommendations, please reference: “Comprehensive Transportation Funding Programs - Project X Tier 1 2025 Call for Projects Programming Recommendations,” dated October 13, 2025. “Comprehensive Transportation Funding Programs - Project X Tier 1 and Tier 2 2024 Call for Projects Programming Recommendations,” dated October 14, 2024.</p>
152.00	Does the program augment, not replace existing transportation related water quality expenditures and emphasize high impact capital improvements over local operations and maintenance costs?	Att. A, p. 27, Project X	Planning	30-year	Completed to date	Dan Phu/Alison Army	<p>Yes. This requirement is specified in Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call.</p>
153.00	Has a comprehensive countywide capital improvement program for transportation related water quality improvements been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	<p>Yes. The Board approved a two-tiered funding program for water quality improvement projects. These guidelines are incorporated into Chapter 11 of the CTFP guidelines. To date, 15 rounds of funding under the Tier 1 program and three rounds under the Tier 2 program have been allocated for these purposes. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call. “Measure M2 Environmental Cleanup Program – A Two-Tier Grant Funding Approach,” dated May 24, 2010.</p>

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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
154.00	Has a competitive grant process to award funds to the highest priority, most cost-effective projects been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the Board and integrated as Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call.
155.00	Has a matching requirement to leverage federal, state, and local funds for water quality improvement been established?	Att. A, p. 27, Project X	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the Board. These matching requirements are specified in Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call.
156.00	Has an MOE requirement been established to ensure that funds augment, not replace existing water quality programs?	Att. A, p. 27, Project X	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	Yes. These are specified in Chapter 11 of the CTFP guidelines. Also, this becomes part of the evaluation process for candidate projects. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call.
157.00	Has there been annual reporting on actual expenditures and assessment of water quality benefits provided?	Att. A, p. 27, Project X	Planning, People and Community Engagement	Recurring	Completed to date	Dan Phu & Marissa Espino	Yes. The M2 Annual Report includes reporting on ECP actual expenditures. The Environmental Cleanup Allocation Committee (ECAC) has developed a database to estimate the trash removed by the funded Tier 1 and Tier 2 projects to report on benefits of the program. The benefits are reported in the M2 Quarterly Reports and as standalone updates to the ECAC and Board. Please reference: "Measure M Annual Report 2025." "M2 Quarterly Progress Report for the Period of October 2025 to December 2025," dated April 27, 2026.
158.00	If there has been any misuse of these funds, have penalties been imposed?	Att. A, p. 27, Project X	Planning	Recurring	None to date	Dan Phu/Alison Army	There has been no finding of misuse of funds to date. Assessment of appropriate use occurs through the initial and final payment processes and SAR process.

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159.00	<p>Has an ECAC, including the following 12 voting members, but not including any elected public officer, been established:</p> <ul style="list-style-type: none"> - One representative of the County of Orange? - Five representatives of cities (one per supervisorial district)? - One representative of the Caltrans? - Two representatives of water or wastewater public entities? - One representative of the development industry? <p>One representative of private or non-profit organizations involved in water quality protection/enforcement matters?</p>	Att. B, Sec. VII.B.1.i-vii	Planning, People and Community Engagement	Recurring	Completed to date	Dan Phu & Marissa Espino	<p>Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008, as Attachment B to the Staff Report. Please reference: "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008. "Environmental Cleanup Allocation Committee 2025 Roster," dated November 17, 2025.</p>
160.00	<p>Does the ECAC also include one representative of the Santa Ana Regional Water Quality Control Board and one representative of the San Diego Regional Water Quality Control Board as non-voting members?</p>	Att. B, Sec. VII.B.1.i-vii	Planning, People and Community Engagement	Recurring	Completed	Dan Phu/Alison Army	<p>Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008, as Attachment B to the Staff Report. Member rosters for each year are saved in the M2 Document Center. Please reference: "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008. "Environmental Cleanup Allocation Committee 2025 Roster," dated November 17, 2025.</p>
161.00	<p>Has the ECAC recommended to the Authority for the Authority's adoption the following:</p>	Att. B, Sec. VII.B.2.	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	<p>See notes in Items 161.01 to 161.04.</p>
161.01	<p>A competitive grant process for the allocation of Environmental Cleanup Revenues as set forth in Attachment B.</p>	Att. B, Sec. VII.B.2.a	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	<p>Yes. The ECAC created guidelines that were approved by the Board on February 14, 2011. This is also included in Chapter 11 of the CTFP. Please reference: "Measure M2 Environmental Cleanup Allocation Program – Incorporation into the Comprehensive Transportation Funding Program and Tier 1 Grant Program 2011 Call for Projects," dated February 14, 2011. "Measure M2 Environmental Cleanup Program (Project X) – 2025 Tier 1 Grant Program Call for Projects," dated March 10, 2025, see attached Guidelines Chapter 11.</p>

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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
161.02	A process requiring that allocated Environmental Cleanup Revenues supplement and not supplant other applicable funding sources.	Att. B, Sec. VII.B.2.b	Planning	One-time, start-up	Completed	Dan Phu/Alison Army	Yes. The ECAC ensures that as part of the application process, projects meet the criteria specified in the Ordinance. This is part of the guidelines which are included in Chapter 11 of the CTFP. Please reference: "Measure M2 Environmental Cleanup Program (Project X) – 2025 Tier 1 Grant Program Call for Projects," dated March 10, 1025, see attached Guidelines Chapter 11.
161.03	Allocation of Environmental Cleanup Revenues for proposed projects and programs.	Att. B, Sec. VII.B.2.c	Planning	Recurring	Completed to date	Dan Phu/Alison Army	Yes. The ECAC reviews applications and makes recommendations on funding allocation, which is then approved by the Board. Please reference: "Comprehensive Transportation Funding Programs – Project X Tier 1 2025 Call for Projects Programming Recommendations," dated October 13, 2025.
161.04	An annual reporting procedure and method to assess water quality benefits provided by the projects and programs.	Att. B, Sec. VII.B.2.d	Planning, People and Community Engagement	Recurring	Completed to date	Dan Phu/Alison Army	Yes. The ECAC has developed a database to estimate the trash removed by the funded Tier 1 and Tier 2 projects to report on benefits of the program. This is an ongoing process and the latest water quality benefits are reported in the M2 Quarterly Reports and as standalone updates to the ECAC and Board. Please reference: "Environmental Cleanup Allocation Committee Agenda," dated December 11, 2014. "OCTA Measure M2 Tier 1 and Tier 2 – Potential Water Resources Benefits of Funded Projects," memo from Geosyntec Consultants, dated April 22, 2015. "Measure M2 Environmental Cleanup Program Updates and Next Steps," dated December 11, 2017. "M2 Quarterly Progress Report for the Period of October 2025 to December 2025," dated April 13, 2026.
162.00	Safeguards and Audits						
163.00	Have the following taxpayer safeguard and audit requirements listed in Attachment A pages 28-30 been met:	Att. A, p.28-30					See notes in Items 163.01 to 163.32.
163.01	Prior to allocation of funds for freeway, street and transit projects, has one percent of gross revenues from the Renewed	Att. A, p. 28	F & A	Recurring	Completed to date	Sean Murdock	Yes. Please reference:

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	Measure M Transportation Investment Plans been set aside for audits, safeguards, and taxpayer protection?						"Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports," dated January 26, 2026. See Attachment D, Schedule 3 in the "Schedule of Revenues and Expenditures Summary as of June 30, 2025".
163.02	Has one and one half percent of the gross sales taxes generated by Measure M been paid to the California Department of Tax and Fee Administration (formerly State Board of Equalization) for collecting the countywide one-half percent sales tax that funds the Transportation Investment Program?	Att. A, p. 28	F & A	Recurring	Completed to date	Sean Murdock	Yes. See notes in Item 28.00.
163.03	To guarantee transportation dollars are used for transportation purposes, have all funds been kept in a special trust fund?	Att. A, p. 28	F & A	One-time, start-up	Completed	Sean Murdock	Yes. See notes in Item 2.00.
163.04	Has an independent, outside audit of this fund protected against cheaters who try to use the transportation funds for purposes other than specified transportation uses?	Att. A, p. 28	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor's report on financial statements. Please reference: "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025. Additionally, a compliance audit for FY 2023-24 confirmed that OCLTA complied, in all material respects, with the M2 Ordinance and no deficiencies in internal control were identified. The next compliance audit, for FY 2024-25, is expected to be presented to the OCTA Board in spring 2026. Please reference: "Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024," dated April 28, 2025.
163.05	Has a severe punishment disqualified any agency that has cheated from receiving Measure M funds for a five-year period?	Att. A, p. 28	PMO	Recurring	Completed to date	Francesca Ching	See notes in Item 18.00.
163.06	Have the annual audits, and annual reports detailing project progress, been sent to Orange County taxpayers every year?	Att. A, p. 28	People and Community Engagement	Recurring	Completed to date	Maggie McJilton & Jennifer Beaver	Yes. See notes in Item 23.00. Results of annual audits can be found on OCTA's Internal Audit webpage.

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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
163.07	Have the annual audits, and annual reports detailing project progress, been reviewed in public session by a special Taxpayer Oversight Committee?	Att. A, p. 28	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. Please reference: "Taxpayer Oversight Committee Audit Subcommittee Agenda Packet," dated May 27, 2025. "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025. "Taxpayer Oversight Committee Agenda Packet," dated September 9, 2025, for June 10, 2025, meeting minutes. "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025.
163.08	Have the annual audits, and annual reports detailing project progress, been independently certified by a special Taxpayer Oversight Committee, on an annual basis, that transportation dollars have been spent strictly according to the Renewed Measure M Investment Plan?	Att. A, p. 28	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Item 14.00. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025. "Taxpayer Oversight Committee Agenda Packet," dated September 9, 2025, for June 10, 2025, meeting minutes. "TOC M2 Annual Public Hearing Compliance Memo," dated June 18, 2025.
163.09	Have minor adjustments been made by a 2/3 vote of the Taxpayer Oversight Committee and a 2/3 vote of the Orange County Local Transportation Authority Board of Directors?	Att. A, p. 28	PMO, People and Community Engagement	Recurring	Completed to Date	Francesca Ching & Chris Boucly/ Marissa Espino	Yes. See notes in Items 25.00 and 167.02.
163.10	Have major changes been taken back to voters for authorization?	Att. A, p. 28	PMO, People and Community Engagement	Recurring	None to date	Francesca Ching & Chris Boucly/ Marissa Espino	There have been no major changes to date.
163.11	Every ten years, and more frequently if necessary, has the Orange County Local Transportation Authority conducted a thorough examination of the Renewed Measure M Investment	Att. A, p. 28	PMO	Recurring	Completed to date	Francesca Ching	Yes. See notes in Item 24.00.

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	Plan and determined if major changes should be submitted to the voters?						
163.12	Have administrative costs been restricted to one percent (1%) of total tax revenues and state collection of the tax as prescribed in state law [currently one-and-one half percent]?	Att. A, p. 29	F & A	Recurring	Action plan in place	Sean Murdock/ Rima Tan	Yes. See notes in Item 9.00.
163.13	Has all spending been subject to an annual independent audit?	Att. A, p. 29	F & A	Recurring	Completed to date	Sean Murdock	Yes. See independent auditor's report on financial statements. Please reference: "Fiscal Year 2024-25 Audited Financial Statements and Independent Auditor's Reports on Internal Control Over Financial Reporting," dated November 24, 2025. Additionally, a compliance audit for FY 2023-24 confirmed that OCLTA complied, in all material respects, with the M2 Ordinance and no deficiencies in internal control were identified. The next compliance audit, for FY 2024-25, is expected to be presented to the OCTA Board in spring 2026. Please reference: "Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2024," dated April 28, 2025.
163.14	Have spending decisions been annually reviewed and certified by an independent Taxpayer Oversight Committee?	Att. A, p. 29	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Items 163.08 and 167.09.
163.15	Has an annual report on spending and progress in implementing the Plan been submitted to taxpayers?	Att. A, p. 29	People and Community Engagement	Recurring	Completed to date	Maggie McJilton & Jennifer Beaver	Yes. See notes in Items 11.00 and 23.00.
163.16	If changes to the Plan were made, have they been reviewed and approved by 2/3 vote of the Taxpayer Oversight Committee?	Att. A, p. 29	PMO, People and Community Engagement	Recurring	Completed to Date	Francesca Ching & Chris Boucly/ Marissa Espino	Yes. See notes in Item 25.00 and 167.02.

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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
163.17	Have major changes to the Plan, such as deleting a project or shifting projects among major spending categories (Freeways, Streets and Roads, Transit, Environmental Cleanup), been ratified by a majority of voters?	Att. A, p. 29	PMO, People and Community Engagement	Recurring	None to date	Francesca Ching & Chris Boucly/ Marissa Espino	There have been no major changes to date.
163.18	Has the Plan been subject at least every ten years to public review and assessment of progress in delivery, public support and changed circumstances?	Att. A, p. 29	PMO	Recurring	Completed to date	Francesca Ching	Yes. See notes in Item 24.00.
163.19	Have all tax revenues and interest earned been deposited and maintained in a separate trust fund?	Att. A, p. 29	F & A	One-time, start-up	Completed	Sean Murdock	Yes. See notes in Item 2.00.
163.20	Have local jurisdictions that receive allocations maintained all tax revenues and interest earned in a separate fund?	Att. A, p. 29	F & A	Recurring	Action plan in place	Sean Murdock	Yes. See notes in Item 15.00.
163.21	Have all entities receiving tax funds reported annually on expenditures and progress in implementing projects?	Att. A, p. 29	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. See notes in Items 91.10 to 91.12.
163.22	Has the elected Auditor/Controller annually certified that spending is in accordance with the Plan?	Att. A, p. 29	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See Items 14.00 and 167.10.
163.23	Have local jurisdictions receiving funds abided to specific eligibility and spending requirements detailed in the Streets and Roads and Environmental Cleanup component of the Plan?	Att. A, p. 29	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	See notes in Items 90.00 to 112.00, and 150.00 to 161.04.
163.24	Have M2 funds been used only for transportation purposes described in the Plan?	Att. A, p. 29	F & A, Internal Audit	Recurring	Action plan in place	Sean Murdock	Yes. See notes in Item 17. Please reference: " Fiscal Year 2024-25 Single Audit and Agreed-Upon Procedures Reports ," dated January 26, 2026.
163.25	Have local jurisdictions agreed that funds are not used to replace private developer funding committed to any project or improvement?	Att. A, p. 29	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. See notes in 91.18.

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163.26	Have local jurisdictions agreed that funds shall augment, not replace existing funds?	Att. A, p. 29	Planning	Recurring	Completed to date	Adriann Cardoso/ Charvalen Alacar	Yes. The MOE requirement ensures that Net Revenues allocated to a jurisdiction are used to supplement existing local discretionary funds being used for transportation improvements. See notes in Item 91.17.
163.27	Has every effort been made to maximize matching state and federal transportation dollars?	Att. A, p. 30	Planning	Recurring	Completed to date	Adriann Cardoso	Yes. See notes in Item 39.00 and 115.00.
163.28	Does the committee consist of eleven members: two members from each of the five Board of Supervisor's districts, are not elected or appointed officials, along with the elected Auditor/Controller of Orange County?	Att. A, p. 30	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Item 166.00.
163.29	Are members recruited and screened for expertise and experience by the Orange County Grand Jurors Association?	Att. A, p. 30	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Item 166.00.
163.30	Are members selected from the qualified pool by lottery?	Att. A, p. 30	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Item 166.00.
163.31	Is the committee provided with sufficient resources to conduct independent reviews and audits of spending and implementation of the Plan?	Att. A, p. 30	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino Boucly	Yes. The Committee has been provided sufficient resources. For example, the Board approved the Committee's request for annual compliance audits to support the annual certification process.
163.32	Has the State Board of Equalization paid one-and-one-half (1.5) percent of gross revenues each fiscal year for its services in collecting sales tax revenue as prescribed in Section 7273 of the State's Revenue and Taxation Code?	Att. A, p. 30	F & A	Recurring	Completed to date	Sean Murdock	Yes. See notes in Item 28.00.
164.00	Requirements Related to the Taxpayers Oversight Committee (TOC)						
165.00	Was a Taxpayers Oversight Committee established for the purpose of overseeing compliance with the Ordinance as specified in Attachment B, Section IV and organized and	Att. C, Sec. I	People and Community Engagement	One-time, start-up	Completed	Chris Boucly/	Yes. The TOC updated the former procedures from the M1 COC to accommodate additional responsibilities under M2 in August 2008. Please reference:

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	convened before any Revenues were collected or spent pursuant to the Ordinance?					Marissa Espino	"Taxpayers Oversight Committee Agenda Packet," dated August 12, 2008. "Taxpayers Oversight Committee Agenda Packet," dated October 14, 2008, for August 12, 2008, meeting minutes.
166.00	Has the TOC been governed by its 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies) consistent with Attachment C of the Ordinance been followed?	Att. C, Secs. II, and III	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. The TOC is governed by 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies), are consistent with Attachment C of the Ordinance. Please reference: "Taxpayer Oversight Committee Term History (1997-2025)," dated December 8, 2025.
167.00	Has the Committee carried out the following duties and responsibilities:	Att. C, Sec. IV	People and Community Engagement	Recurring		Chris Boucly/ Marissa Espino	See notes in Items 167.01 to 167.11.
167.01	Did the initial Members of the TOC adopt procedural rules and regulations as are necessary to govern the conduct of Committee meetings as described in Attachment C?	Att. C, Sec. IV.A	People and Community Engagement	One-time, start-up	Completed	Chris Boucly/ Marissa Espino	Yes. The TOC updated the former procedures from the M1 COC to accommodate additional responsibilities under M2 in August 2008. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated August 12, 2008. "Taxpayer Oversight Committee Agenda Packet," dated October 14, 2008, for the August 12, 2008, meeting minutes. On June 14, 2016, the TOC updated the committee's Mission Statement and Policies and Procedures to remove responsibilities due to the close-out of M1. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated June 14, 2016. "Taxpayer Oversight Committee Agenda Packet," dated August 9, 2016, for the June 14, 2016, meeting minutes.
167.02	Did the Committee approve by a vote of not less than 2/3 of all Committee members, any amendments to the Plan which	Att. C, Sec. IV.B	People and Community Engagement	Recurring	Completed to date	Chris Boucly/	Yes. The TOC approved the first amendment to the M2 Transportation Investment Plan on October 9, 2012, and the third amendment on

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	changed the funding category, programs or projects identified on page 31 of the Plan?					Marissa Espino	November 10, 2015 (Ordinance amendments do not require TOC approval). Please reference: "Public Hearing to Amend the Measure M2 Transportation Investment Plan for the Freeway Program," dated November 9, 2012, for Amendment #1. "Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program," dated December 14, 2015, for Amendment #3.
167.03	Did the TOC receive and review, as a condition of eligibility for M2 funds, from each jurisdiction the following documents as defined in Att. B, Sec. I?	Att. C, Sec. IV.C and Att. B, Sec. III	Planning, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Adriann Cardoso/ Charvalen Alacar	The AER Subcommittee reviewed PMPs and Expenditure Reports on June 3, 2025, and CMPs, MFPs, and PMPs on October 29, 2025. The full TOC affirmed receipt and review of them on June 10, 2025 and December 9, 2025. See notes in Items 167.04 to 167.08 below. Please reference: "Taxpayer Oversight Committee Annual Eligibility Review Subcommittee Packet," dated June 3, 2025. "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025. "Taxpayer Oversight Committee Annual Eligibility Review Subcommittee Agenda Packet," dated October 29, 2025. "Taxpayer Oversight Committee Agenda Packet," dated December 9, 2025.
167.04	CMP?	Att. C, Sec. IV.C.1 and Att. B, Sec. III.A.1	Planning, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Adriann Cardoso/ Charvalen Alacar	This is required on odd numbered years. The TOC reviewed the CMP on December 9, 2025. Eligibility determination was presented to the Board on February 9, 2026, as part of the M2 Annual Eligibility Review. The next submittal is due in 2027. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated December 9, 2025. "Measure M2 Annual Eligibility Review," dated February 9, 2026.

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167.05	MFP?	Att. C, Sec. IV.C.2 and Att. B, Sec. III.A.2	Planning, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Adriann Cardoso/ Charvalen Alacar	This is required on a biennial basis. The TOC reviewed the MFP on December 9, 2025. Eligibility determination was presented to the Board on February 9, 2026, as part of the M2 Annual Eligibility Review. The next submittal is due in 2027. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated December 9, 2025. "Measure M2 Annual Eligibility Review," dated February 9, 2026.
167.06	Expenditure Report?	Att. C, Sec. IV.C.3 and Att. B, Sec. III.8	Finance and Administration, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Sean Murdock	Yes. This is required on an annual basis. The TOC reviewed the FY 2023-24 Expenditure Reports on June 10, 2025, and eligibility determination was presented to the Board on July 14, 2025. FY 2024-25 Expenditure Reports are due December 31, 2025. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025. "Measure M2 Eligibility Review Recommendations," dated July 14, 2025.
167.07	LSSP?	Att. C, Sec. IV.C.4 and Att. B, Sec. III.A.6	Planning, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Adriann Cardoso/ Charvalen Alacar	Yes. This is required every three years. The TOC reviewed the LSSP on December 12, 2023. Eligibility determination was presented to the Board on February 12, 2023, as part of the Annual M2 Eligibility Review. The next submittal is due in 2026. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated December 12, 2023. "Measure M2 Annual Eligibility Review," dated February 12, 2024.
167.08	PMP?	Att. C, Sec. IV.C.5 and Att. B, Sec. III.7	Planning, People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino & Adriann Cardoso/ Charvalen Alacar	Yes. 14 agencies update PMPs on an odd-year cycle, while 21 agencies update on an even-year cycle as part of the Annual Eligibility Review. The TOC last reviewed the PMPs for odd-year agencies on December 9, 2025, and an eligibility determination was presented to the Board on February 9, 2026, as part of the M2 Annual Eligibility Review. The TOC last reviewed the PMPs for even-year agencies on June 10, 2025, and an eligibility determination was presented to the Board on July 14, 2025, as part of the M2 Annual Eligibility Review.

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Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2025 Response
							Please reference: "Taxpayer Oversight Committee Agenda Packet," dated December 9, 2025 (for odd-year PMPs). "Measure M2 Annual Eligibility Review," dated February 9, 2026 (for odd-year PMPs). "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025 (for even-year PMPs). "Measure M2 Annual Eligibility Review," dated July 14, 2025 (for even-year PMPs).
167.09	Has the Committee reviewed yearly audits and held an annual hearing to determine whether the Authority is proceeding in accordance with the Plan?	Att. C, Sec. IV.D	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. The last Annual Hearing and Compliance Review was completed on June 10, 2025. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated June 10, 2025. "Taxpayer Oversight Committee Agenda Packet," dated September 9, 2025, for June 10, 2025, meeting minutes.
167.10	Has the Chair annually certified whether the Revenues have been spent in compliance with the Plan?	Att. C, Sec. IV.D	People and Community Engagement	Recurring	Completed to date	Chris Boucly/ Marissa Espino	Yes. See notes in Item 14.00. A memo from the TOC Chairman was sent to the Board on June 18, 2025. Please reference: "Taxpayer Oversight Committee Measure M2 Annual Public Hearing Compliance Memo," dated June 18, 2025.
167.11	Has the Committee received and reviewed the performance assessment conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance?	Att. C, Sec. IV.E	People and Community Engagement	Recurring	Completed to date	Francesca Ching & Chris Boucly	Yes. The TOC has received and reviewed the performance assessments conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance. Please reference: "Taxpayer Oversight Committee Agenda Packet," dated December 14, 2010. "Taxpayer Oversight Committee Agenda Packet," dated April 9, 2013. "Taxpayer Oversight Committee Agenda Packet," dated June 14, 2016. "Taxpayer Oversight Committee Agenda Packet," dated April 9, 2019. "Taxpayer Oversight Committee Agenda Packet," dated April 12, 2022. "Taxpayer Oversight Committee Agenda Packet," dated March 11, 2025.

Schedule 1

Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of March 31, 2026
(Unaudited) Quarterly Report

(\$ in thousands)	Quarter Ended Jan 1, 2026 - Mar 31, 2026	Year to Date Jul 1, 2025 - Mar 31, 2026 (A)	Period from Inception to Mar 31, 2026 (B)
Revenues:			
Sales taxes	\$ 123,408	\$ 338,291	\$ 5,142,604
Other agencies' share of Measure M2 costs:			
Project related	10,046	27,643	923,711
Non-project related	-	-	454
Interest:			
Operating:			
Project related	365	3,169	13,228
Non-project related	9,762	29,981	182,987
Bond proceeds	-	-	104,570
Debt service	165	561	4,727
Commercial paper	-	-	393
Right-of-way leases			
Project related	83	276	2,370
Non-project related	-	-	17
Proceeds on sale of assets held for resale	-	-	17,597
Donated assets held for resale			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	125
Total revenues	143,829	399,921	6,395,185
Expenditures:			
Supplies and services:			
Sales tax administration fees	915	2,746	48,050
Professional services:			
Project related	8,571	13,783	636,491
Non-project related	610	1,017	43,170
Administration costs:			
Project related	3,205	9,618	153,054
Non-project related:			
Salaries and Benefits	1,332	3,683	53,256
Other	2,302	6,906	92,351
Other:			
Project related	136	349	8,264
Non-project related	8	58	6,441
Payments to local agencies:			
Project related	49,082	89,615	1,637,328
Capital outlay:			
Project related	7,371	33,677	2,565,023
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	20,395	20,395	158,750
Interest on long-term debt and commercial paper	13,072	24,847	411,283
Total expenditures	106,999	206,694	5,813,492
Excess (deficiency) of revenues over (under) expenditures	36,830	193,227	581,693
Other financing sources (uses):			
Transfers out:			
Project related	(54,053)	(70,520)	(903,629)
Transfers in:			
Project related	28,830	35,351	629,869
Bond proceeds	-	-	1,068,603
Payment to refunded bond escrow agent	-	-	(312,829)
Total other financing sources (uses)	(25,223)	(35,169)	482,014
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	11,607	158,058	1,063,707

Measure M2
Schedule of Calculations of Net Revenues and Net Financing Expenditures
as of March 31, 2026
(Unaudited) Quarterly Report

(\$ in thousands)	Quarter Ended Jan 1, 2026 - Mar 31, 2026 (actual)	Year to Date Jul 1, 2025 - Mar 31, 2026 (actual) (C.1)	Period from Inception through Mar 31, 2026 (actual) (D.1)	Period from April 1, 2026 through March 31, 2041 (forecast) (E.1)	Total (F.1)
Revenues:					
Sales taxes	\$ 123,408	\$ 338,291	\$ 5,142,604	\$ 8,084,185	\$ 13,226,789
Operating interest	9,762	29,981	182,987	417,426	600,413
Subtotal	<u>133,170</u>	<u>368,272</u>	<u>5,325,591</u>	<u>8,501,611</u>	<u>13,827,202</u>
Other agencies share of M2 costs	-	-	454	-	454
Right-of-way leases	-	-	17	-	17
Miscellaneous	-	-	125	-	125
Total revenues	<u>133,170</u>	<u>368,272</u>	<u>5,326,187</u>	<u>8,501,611</u>	<u>13,827,798</u>
Administrative expenditures:					
Sales tax administration fees	915	2,746	48,050	60,694	108,744
Professional services	610	1,017	39,395	62,469	101,864
Administration costs:					
Salaries and Benefits	1,332	3,683	53,256	83,632	136,888
Other	2,302	6,906	92,351	145,038	237,389
Other	8	58	2,605	4,183	6,788
Payments to local agencies:					
Capital outlay	-	-	31	-	31
Environmental cleanup	69	1,791	57,300	161,658	218,958
Total expenditures	<u>5,236</u>	<u>16,201</u>	<u>292,988</u>	<u>517,674</u>	<u>810,662</u>
Net revenues	<u>\$ 127,934</u>	<u>\$ 352,071</u>	<u>\$ 5,033,199</u>	<u>\$ 7,983,937</u>	<u>\$ 13,017,136</u>
<hr/>					
(C.2) (D.2) (E.2) (F.2)					
Financing expenditures:					
Debt interest expense	13,072	24,847	411,283	228,776	640,059
Professional services	-	-	3,775	-	3,775
Other	-	-	3,836	-	3,836
Total financing expenditures	<u>13,072</u>	<u>24,847</u>	<u>418,894</u>	<u>228,776</u>	<u>647,670</u>
Interest revenue:					
Interest revenue from bond proceeds	-	-	104,570	-	104,570
Interest revenue from debt service funds	165	561	4,727	11,484	16,211
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>165</u>	<u>561</u>	<u>109,690</u>	<u>11,484</u>	<u>121,174</u>
Net financing expenditures:	<u>\$ 12,907</u>	<u>\$ 24,286</u>	<u>\$ 309,204</u>	<u>\$ 217,292</u>	<u>\$ 526,496</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2026
(Unaudited) Quarterly Report

Project	Description	Total Net Revenues	Net Revenues	Expenditures	Reimbursements	(J) - (K) = (L)
		Inception to March 31, 2041 (actual) + (forecast)	Inception to Mar 31, 2026 (actual)	Inception to Mar 31, 2026 (actual)	Inception to Mar 31, 2026 (actual)	Net M2 Cost Inception to Mar 31, 2026 (actual)
(G)		(H)	(I)	(J)	(K)	(L)
	(\$ in thousands)					
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 513,072	\$ 198,384	\$ 10,908	\$ 8,786	\$ 2,122
B	I-5 Santa Ana/SR-55 to El Toro	327,711	126,713	73,412	36,816	36,596
C	I-5 San Diego/South of El Toro	684,460	264,653	471,874	53,084	418,790
D	I-5 Santa Ana/San Diego Interchange Upgrades	281,644	108,900	3,323	527	2,796
E	SR-22 Garden Grove Freeway Access Improvements	130,997	50,651	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	399,541	154,486	178,575	85,731	92,844
G	SR-57 Orange Freeway Improvements	282,408	109,196	67,733	15,083	52,650
H	SR-91 Improvements from I-5 to SR-57	152,830	59,093	34,961	824	34,137
I	SR-91 Improvements from SR-57 to SR-55	454,669	175,802	92,122	89,267	2,855
J	SR-91 Improvements from SR-55 to County Line	384,477	148,661	18,694	17,218	1,476
K	I-405 Improvements between I-605 to SR-55	1,171,114	452,824	1,713,311	380,541	1,332,770
L	I-405 Improvements between SR-55 to I-5	348,998	134,943	9,249	6,954	2,295
M	I-605 Freeway Access Improvements	21,833	8,442	13,753	16	13,737
N	All Freeway Service Patrol	163,746	63,314	17,098	-	17,098
	Freeway Mitigation	279,868	108,214	65,532	14,076	51,456
	Subtotal Projects	5,597,368	2,164,276	2,770,550	708,923	2,061,627
	Net Finance Expenditures	-	-	212,240	-	212,240
	Total Freeways	\$ 5,597,368	\$ 2,164,276	\$ 2,982,790	\$ 708,923	\$ 2,273,867
	%					49.8%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 1,301,730	\$ 503,326	\$ 853,075	\$ 507,884	\$ 345,191
P	Regional Traffic Signal Synchronization Program	520,669	201,322	155,764	33,423	122,341
Q	Local Fair Share Program	2,343,084	905,976	874,908	77	874,831
	Subtotal Projects	4,165,483	1,610,624	1,883,747	541,384	1,342,363
	Net Finance Expenditures	-	-	62,186	-	62,186
	Total Street and Roads Projects	\$ 4,165,483	\$ 1,610,624	\$ 1,945,933	\$ 541,384	\$ 1,404,549
	%					30.8%

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2026
(Unaudited) Quarterly Report

Project Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Mar 31, 2026 (actual)	Expenditures Inception to Mar 31, 2026 (actual)	Reimbursements Inception to Mar 31, 2026 (actual)	(J) - (K) = (L) Net M2 Cost Inception to Mar 31, 2026 (actual)
(G)	(H)	(I)	(J)	(K)	(L)
<i>(\$ in thousands)</i>					
Transit Projects (25% of Net Revenues)					
R High Frequency Metrolink Service	\$ 1,298,266	\$ 489,398	\$ 572,976	\$ 123,818	\$ 449,158
S Transit Extensions to Metrolink	1,149,112	444,315	330,688	151,974	178,714
T Metrolink Gateways	66,534	44,081	98,220	60,956	37,264
U Expand Mobility Choices for Seniors and Persons with Disabilities	451,371	168,760	162,842	88	162,754
V Community Based Transit/Circulators	260,274	100,637	25,331	1,697	23,634
W Safe Transit Stops	28,728	11,108	2,135	26	2,109
Subtotal Projects	3,254,285	1,258,299	1,192,192	338,559	853,633
Net Finance Expenditures	-	-	34,778	-	34,778
Total Transit Projects	\$ 3,254,285	\$ 1,258,299	\$ 1,226,970	\$ 338,559	\$ 888,411
%					19.5%
Measure M2 Program					
	\$ 13,017,136	\$ 5,033,199	\$ 6,155,693	\$ 1,588,866	\$ 4,566,827
Project Description	Total Revenues Inception to March 31, 2041 (actual) + (forecast)	Revenues Inception to Mar 31, 2026 (actual)	Expenditures Inception to Mar 31, 2026 (actual)	Reimbursements Inception to Mar 31, 2026 (actual)	Net M2 Cost Inception to Mar 31, 2026 (actual)
(G)	(H.1)	(I.1)	(J)	(K)	(L)
<i>(\$ in thousands)</i>					
Environmental Cleanup (2% of Revenues)					
X Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 276,544	\$ 106,512	\$ 57,300	\$ 311	\$ 56,989
Net Finance Expenditures	-	-	-	-	-
Total Environmental Cleanup	\$ 276,544	\$ 106,512	\$ 57,300	\$ 311	\$ 56,989
%					1.1%
Taxpayer Safeguards and Audits					
Collect Sales Taxes (1.5% of Sales Taxes)	\$ 198,402	\$ 77,139	\$ 48,050	\$ -	\$ 48,050
%					0.9%
Oversight and Annual Audits (1% of Revenues)	\$ 138,272	\$ 53,256	\$ 53,256	\$ 0	\$ 53,256
%					1.0%