

**ORANGE COUNTY LOCAL  
TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2016

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

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**Table of Contents**

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures to the Measure M2 Status Report.....	1
Measure M2 Status Report (Unaudited):	
Schedule 1 - Schedule of Revenues, Expenditures and Changes in Fund Balance.....	4
Schedule 2 - Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service) .....	5
Schedule 3 - Schedule of Revenues and Expenditures Summary .....	6
Notes to Measure M2 Status Report.....	8



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

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

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee (Committee) of the Orange County Local Transportation Authority (OCLTA), solely to assist you with your review of the Measure M2 Status Report, and to ascertain that the amounts have been derived from the audited financial statements or other published documents, Board of Director approved documents or internal documents, for the year ended June 30, 2016. The Measure M2 Status Report consists of the following three schedules (Schedules): Schedule of Revenues, Expenditures and Changes in Fund Balance (Schedule 1); Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service) (Schedule 2); and Schedule of Revenues and Expenditures Summary (Schedule 3). Management of OCLTA is responsible for Measure M2 Status Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The following summary of procedures related to the Measure M2 Status Report is separated into three sections: Section A describes our procedures applied to Schedule 1; Section B describes our procedures applied to Schedule 2; and Section C describes our procedures applied to Schedule 3. All amounts are reported in thousands.

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

1. Compared year to date June 30, 2016 amounts (Column A) to the audited trial balances of the OCLTA special revenue fund 17 and the OCLTA debt service fund 72 and additional detailed information from the underlying accounting records.
2. Compared period from inception through June 30, 2016 amounts (Column B) by adding the prior year's period from inception through June 30, 2015 amounts with year to date June 30, 2016 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, 2016 (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, 2016 (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, 2016 amounts (Columns D.1 and D.2) to Schedule 1, Column B. For professional services, non-project related amounts, we compared the total of the amounts allocated to revenues and to bond revenues at June 30, 2016 (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, 2016 (Column H) and total net revenues (Column I) amounts to Schedule 2, Column D.1 and Column F.1, net revenues (Totals), respectively.
2. Recalculated net revenues through June 30, 2016 (Column H) and total net revenues (Column I) amounts, by mode and project description, based on the Measure M2 Transportation Investment Plan (Investment Plan).
3. Reconciled expenditures through June 30, 2016 (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, 2016. Agreed Column J, by project description to the project job ledger by fiscal year.
4. Selected a sample of 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, 2016 (Column K) to Schedule 1, Column B. Agreed oversight and annual audits line item to summary of Measure M2 administrative costs through June 30, 2016.
6. Agreed Column K to the supporting revenue summary by project and fiscal year. Selected a sample of 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, 2016 (Column H.1) and the total revenues (Column I.1) for environmental cleanup (2% of revenues) and oversight and annual audits (1% of revenues) by multiplying sales taxes and operating interest per Schedule 2, Column D.1 and Column F.1 by 2% and 1%, respectively.
9. Recalculated revenues through June 30, 2016 (Column H.1) and total revenues (Column I.1) for collect sales taxes (1.5% of sales taxes) by multiplying sales taxes per Schedule 2, Column D.1 and Column F.1 by 1.5%.
10. Re-computed total and subtotals.

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

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Measure M2 Status Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The Notes to the Measure M2 Status Report (Notes) have been provided by the OCLTA to describe the purpose, format, and content of the schedules. We were not engaged to and did not perform any procedures on the Notes.

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

A handwritten signature in black ink, reading "Vavrinch Train, Dwyer & Co, LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California

December 19, 2016

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of June 30, 2016**  
**(Unaudited)**

(\$ in thousands)	Year to Date June 30, 2016 (A)	Period from Inception to June 30, 2016 (B)
<b>Revenues:</b>		
Sales taxes	\$ 300,937	\$ 1,450,309
Other agencies' share of Measure M2 costs:		
Project related	93,242	476,195
Non-project related	74	439
Interest:		
Operating:		
Project related	-	2
Non-project related	9,039	17,082
Bond proceeds	6,443	35,997
Debt service	32	76
Commercial paper	-	393
Right-of-way leases	110	814
Miscellaneous:		
Project related	72	270
Non-project related	93	100
Total revenues	<u>410,042</u>	<u>1,981,677</u>
<b>Expenditures:</b>		
Supplies and services:		
State Board of Equalization (SBOE) fees	3,571	15,888
Professional services:		
Project related	50,216	272,849
Non-project related	2,115	15,043
Administration costs:		
Project related	8,527	44,540
Non-project related:		
Salaries and Benefits	2,365	17,440
Other	4,679	26,638
Other:		
Project related	275	1,678
Non-project related	118	3,800
Payments to local agencies:		
Project related	105,378	607,896
Capital outlay:		
Project related	89,240	546,493
Non-project related	-	31
Debt service:		
Principal payments on long-term debt	7,210	27,085
Interest on long-term debt and commercial paper	21,613	115,537
Total expenditures	<u>295,307</u>	<u>1,694,918</u>
Excess of revenues over expenditures	<u>114,735</u>	<u>286,759</u>
<b>Other financing sources (uses):</b>		
Transfers out:		
Project related	(10,618)	(22,659)
Transfers in:		
Project related	23,740	75,544
Non-project related	(23,740)	5,937
Bond proceeds	-	358,593
Total other financing sources (uses)	<u>(10,618)</u>	<u>417,415</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ 104,117</u>	<u>\$ 704,174</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)**  
**as of June 30, 2016**  
**(Unaudited)**

<i>(\$ in thousands)</i>	Year to Date June 30, 2016 (actual) (C.1)	Period from Inception through June 30, 2016 (actual) (D.1)	Period from July 1, 2016 through March 31, 2041 (forecast) (E.1)	Total (F.1)
<b>Revenues:</b>				
Sales taxes	\$ 300,937	\$ 1,450,309	\$ 13,359,584	\$ 14,809,893
Operating interest	9,039	17,082	224,117	241,199
Subtotal	<u>309,976</u>	<u>1,467,391</u>	<u>13,583,701</u>	<u>15,051,092</u>
Other agencies share of M2 costs	74	439	-	439
Miscellaneous	93	100	-	100
Total revenues	<u>310,143</u>	<u>1,467,930</u>	<u>13,583,701</u>	<u>15,051,631</u>
<b>Administrative expenditures:</b>				
SBOE fees	3,571	15,888	200,474	216,362
Professional services	2,115	11,267	91,546	102,813
Administration costs:				
Salaries and Benefits	2,365	17,440	133,574	151,014
Other	4,679	26,638	234,882	261,520
Other	118	3,800	23,036	26,836
Capital outlay	-	31	-	31
Environmental cleanup	9,588	18,150	267,192	285,342
Total expenditures	<u>22,436</u>	<u>93,214</u>	<u>950,704</u>	<u>1,043,918</u>
Net revenues	<u>\$ 287,707</u>	<u>\$ 1,374,716</u>	<u>\$ 12,632,997</u>	<u>\$ 14,007,713</u>
	(C.2)	(D.2)	(E.2)	(F.2)
<b>Bond revenues:</b>				
Proceeds from issuance of bonds	\$ -	\$ 358,593	\$ 2,000,000	\$ 2,358,593
Interest revenue from bond proceeds	6,443	35,997	25,760	61,757
Interest revenue from debt service funds	32	76	54	130
Interest revenue from commercial paper	-	393	-	393
Total bond revenues	<u>6,475</u>	<u>395,059</u>	<u>2,025,814</u>	<u>2,420,873</u>
<b>Financing expenditures and uses:</b>				
Professional services	-	3,776	17,020	20,796
Bond debt principal	7,210	27,085	2,242,636	2,269,721
Bond debt and other interest expense	21,613	115,537	1,507,609	1,623,146
Total financing expenditures and uses	<u>28,823</u>	<u>146,398</u>	<u>3,767,265</u>	<u>3,913,663</u>
Net bond revenues (debt service)	<u>\$ (22,348)</u>	<u>\$ 248,661</u>	<u>\$ (1,741,451)</u>	<u>\$ (1,492,790)</u>

See Notes to Measure M2 Status Report (Unaudited)

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2016**  
**(Unaudited)**

Project	Description	Net Revenues through June 30, 2016	Total Net Revenues	Expenditures through June 30, 2016	Reimbursements through June 30, 2016	Net M2 Cost
(G)	(H)	(I)	(J)	(K)	(L)	
	(\$ in thousands)					
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 54,183	\$ 552,116	\$ 4,434	\$ 937	\$ 3,497
B	I-5 Santa Ana/SR-55 to El Toro	34,609	352,649	4,537	2,191	2,346
C	I-5 San Diego/South of El Toro	72,285	736,546	84,771	30,751	54,020
D	I-5 Santa Ana/San Diego Interchange Upgrades	29,744	303,076	1,759	527	1,232
E	SR-22 Garden Grove Freeway Access Improvements	13,834	140,966	4	-	4
F	SR-55 Costa Mesa Freeway Improvements	42,195	429,945	7,591	23	7,568
G	SR-57 Orange Freeway Improvements	29,825	303,899	44,983	10,281	34,702
H	SR-91 Improvements from I-5 to SR-57	16,140	164,460	32,146	608	31,538
I	SR-91 Improvements from SR-57 to SR-55	48,017	489,269	16,629	1,620	15,009
J	SR-91 Improvements from SR-55 to County Line	40,604	413,734	6,928	5,294	1,634
K	I-405 Improvements between I-605 to SR-55	123,679	1,260,233	54,110	3,267	50,843
L	I-405 Improvements between SR-55 to I-5	36,857	375,556	5,508	3,234	2,274
M	I-605 Freeway Access Improvements	2,306	23,494	682	16	666
N	All Freeway Service Patrol	17,293	176,207	196	-	196
	Freeway Mitigation	29,556	301,166	45,968	1,688	44,280
	Subtotal Projects	591,127	6,023,316	310,246	60,437	249,809
	Net (Bond Revenue)/Debt Service	-	-	30,326	-	30,326
	<b>Total Freeways</b>	<b>\$ 591,127</b>	<b>\$ 6,023,316</b>	<b>\$ 340,572</b>	<b>\$ 60,437</b>	<b>\$ 280,135</b>
	<b>%</b>					<b>27.8%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 137,473	\$ 1,400,789	\$ 593,652	\$ 332,426	\$ 261,226
P	Regional Traffic Signal Synchronization Program	54,987	560,291	23,651	3,580	20,071
Q	Local Fair Share Program	247,449	2,521,388	237,070	77	236,993
	Subtotal Projects	439,909	4,482,468	854,373	336,083	518,290
	Net (Bond Revenue)/Debt Service	-	-	33,683	-	33,683
	<b>Total Street and Roads Projects</b>	<b>\$ 439,909</b>	<b>\$ 4,482,468</b>	<b>\$ 888,056</b>	<b>\$ 336,083</b>	<b>\$ 551,973</b>
	<b>%</b>					<b>54.7%</b>
<b>Transit Projects (25% of Net Revenues)</b>						
R	High Frequency Metrolink Service	\$ 124,519	\$ 1,397,062	\$ 161,432	\$ 92,749	\$ 68,683
S	Transit Extensions to Metrolink	121,356	1,236,557	11,559	2,074	9,485
T	Metrolink Gateways	25,382	71,597	98,211	60,956	37,255
U	Expand Mobility Choices for Seniors and Persons with Disabilities	41,902	485,719	40,010	88	39,922
V	Community Based Transit/Circulators	27,487	280,080	2,072	120	1,952
W	Safe Transit Stops	3,034	30,914	62	26	36
	Subtotal Projects	343,680	3,501,929	313,346	156,013	157,333
	Net (Bond Revenue)/Debt Service	-	-	18,838	-	18,838
	<b>Total Transit Projects</b>	<b>\$ 343,680</b>	<b>\$ 3,501,929</b>	<b>\$ 332,184</b>	<b>\$ 156,013</b>	<b>\$ 176,171</b>
	<b>%</b>					<b>17.5%</b>
<b>Measure M2 Program</b>		<b>\$ 1,374,716</b>	<b>\$ 14,007,713</b>	<b>\$ 1,560,812</b>	<b>\$ 552,533</b>	<b>\$ 1,008,279</b>

See Notes to Measure M2 Status Report (Unaudited)



**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of June 30, 2016**  
**(Unaudited)**

Project	Description	Revenues through June 30, 2016 (G) (H.1) (\$ in thousands)	Total Revenues (I.1)	Expenditures through June 30, 2016 (J)	Reimbursements through June 30, 2016 (K)	Net M2 Cost (L)
<b>Environmental Cleanup (2% of Revenues)</b>						
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 29,348	\$ 301,022	\$ 18,150	\$ 292	\$ 17,858
	Net (Bond Revenue)/Debt Service	-	-	-	-	-
	<b>Total Environmental Cleanup</b>	<b>\$ 29,348</b>	<b>\$ 301,022</b>	<b>\$ 18,150</b>	<b>\$ 292</b>	<b>\$ 17,858</b>
	<b>%</b>					<b>1.2%</b>
<b>Taxpayer Safeguards and Audits</b>						
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 21,755	\$ 222,148	\$ 15,888	\$ -	\$ 15,888
	<b>%</b>					<b>1.1%</b>
	Oversight and Annual Audits (1% of Revenues)	\$ 14,674	\$ 150,511	\$ 17,440	\$ 2,766	\$ 14,674
	<b>%</b>					<b>1.0%</b>

See Notes to Measure M2 Status Report (Unaudited)

## **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2016

#### **Measure M2 Summary**

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

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

Demonstrating accountability for the receipt and expenditure of M2 funds is accomplished through the issuance of annual reports on M2 activities. The reports for M2 activities through June 30, 2016 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, 2016 (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, 2016. 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 \$104,117 agrees with the combined change in fund balances of \$104,129 in the M2 special revenue fund and \$(12) in the M2 debt service fund in the trial balance for the year ended June 30, 2016.

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

# ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

## Notes to Measure M2 Status Report (Unaudited)

Year Ended June 30, 2016

### Period from Inception through June 30, 2016 (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, 2016. 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 \$704,174 agrees with the combined ending fund balances of \$692,180 in the M2 special revenue fund and \$11,994 in the M2 debt service fund, as presented in the trial balance for the year ended June 30, 2016.

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

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

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

### Calculation of Net Revenues

#### Year Ended June 30, 2016 (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, 2016. Revenues, administrative expenditures, and capital outlay for the year ended June 30, 2016 were obtained from Column A in Schedule 1. Environmental cleanup expenditures were obtained from project amounts accumulated in the project job ledger. Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, and other agencies' share of M2 costs. Administrative expenditures include State Board of Equalization (SBOE) fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

## **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2016

#### Period from Inception through June 30, 2016 (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, 2016. Revenues, administrative expenditures, and capital outlay for the period from inception through June 30, 2016 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, 2016 are presented in Schedule 3 as "Net Revenues through June 30, 2016" (Column H). Revenues, administrative expenditures, and capital outlay utilized in the calculation of net revenues are non-project and non-financing related. Revenues consist of sales taxes, operating interest, other agencies' share of M2 costs, and miscellaneous revenue. Administrative expenditures include SBOE fees, professional services, administration costs, and other expenditures. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

#### Period from July 1, 2016 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, 2016 through March 31, 2041. Revenues and administrative expenditures for subsequent years from July 1, 2016 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, 2016 through March 31, 2041 are non-project and non-financing related. Revenues consist of projected sales taxes and operating interest. Administrative expenditures consist of projected SBOE fees, professional services, administration costs, and other expenditures.

#### Total (Column F.1)

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

#### Calculation of Net Bond Revenues (Debt Service)

##### Year Ended June 30, 2016 (actual) (Column C.2)

This column presents net bond revenues (debt service), consisting of total bond revenues less total financing expenditures and uses, for year ended June 30, 2016. Bond revenues and financing expenditures and uses for the year ended June 30, 2016 were obtained from Column A in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

## **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2016

#### Period from Inception through June 30, 2016 (actual) (Column D.2)

This column presents net bond revenues (debt service), consisting of total cumulative bond revenues less total cumulative financing expenditures and uses, for the period from inception through June 30, 2016. Bond revenues and financing expenditures and uses for the period from inception through June 30, 2016 were obtained from Column B in Schedule 1. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds, debt service funds, and commercial paper. Financing expenditures and uses consist of professional services and bond debt and other interest expense. Non-project related professional services are distributed between administrative expenditures and financing expenditures and uses based on the job ledger code.

#### Period from July 1, 2016 through March 31, 2041 (forecast) (Column E.2)

This column presents bond revenues (debt service), consisting of total projected bond revenues less total projected financing expenditures and uses, for subsequent years from July 1, 2016 through March 31, 2041. Bond revenues and financing expenditures and uses for subsequent years from July 1, 2016 through March 31, 2041 were obtained from the Orange County Transportation Authority Forecast Model. Bond revenues and financing expenditures and uses utilized in the calculation of net bond revenues (debt service) are non-project and non-operating related. Bond revenues consist of proceeds from issuance of bonds and interest revenue from bond proceeds and debt service funds. Financing expenditures and uses consist of bond debt principal and bond debt and other interest expense.

#### Total (Column F.2)

This column presents total net bond revenues (debt service), calculated as the sum of columns D.2 and E.2.

### **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, 2016

#### Net Revenues through June 30, 2016 (Column H)

This column presents total M2 program net revenues for the period from inception through June 30, 2016, which agrees with net revenues in Column D.1 in Schedule 2. Such net revenues are allocated to each of the three modes based on the allocation percentages specified in M2. The net revenues for each mode are allocated to each project based on the proportionate share of each project's estimated cost to the total estimated cost per mode as presented in the Investment Plan.

#### Total Net Revenues (Column I)

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

#### Expenditures through June 30, 2016 (Column J)

This column presents total expenditures plus net (bond revenue)/debt service. Total expenditures, excluding oversight and annual audit expenditures, agree with the sum of project related expenditures, SBOE fees and transfers out from Column B in Schedule 1. Oversight and annual audit expenditures agree with the administrative costs for salaries and benefits derived from the annual cost allocation plan. Total net (bond revenue)/debt service expenditures through June 30, 2016 agrees with the interest revenue, professional services expenditures, bond debt and other interest expense 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 through June 30, 2016 (Column K)

This column presents total reimbursements for the period from inception through June 30, 2016, which agrees with the sum of project related revenues from Column B in Schedule 1. Project related revenues consist of other agencies' share of Measure M2 costs, right-of-way leases, transfers in and miscellaneous revenue. Such revenues are distributed to the related projects based on project amounts accumulated in the project job ledger. Reimbursements for oversight and annual audits agree with the principal balance of the amount advanced from the Orange County Unified Transportation Trust (OCUTT) to cover administrative costs for salaries and benefits exceeding more than one percent of revenues.

# **ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY**

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

Year Ended June 30, 2016

### Net M2 Cost (Column N)

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.

### Revenues through June 30, 2016 (Column H.1)

The total environmental cleanup revenue for the period from inception through June 30, 2016, 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, 2016, 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, 2016, represents one and one-half percent (1.5%) of the sales tax revenues in Column D.1 in Schedule 2.

### Total Revenues (Column I.1)

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